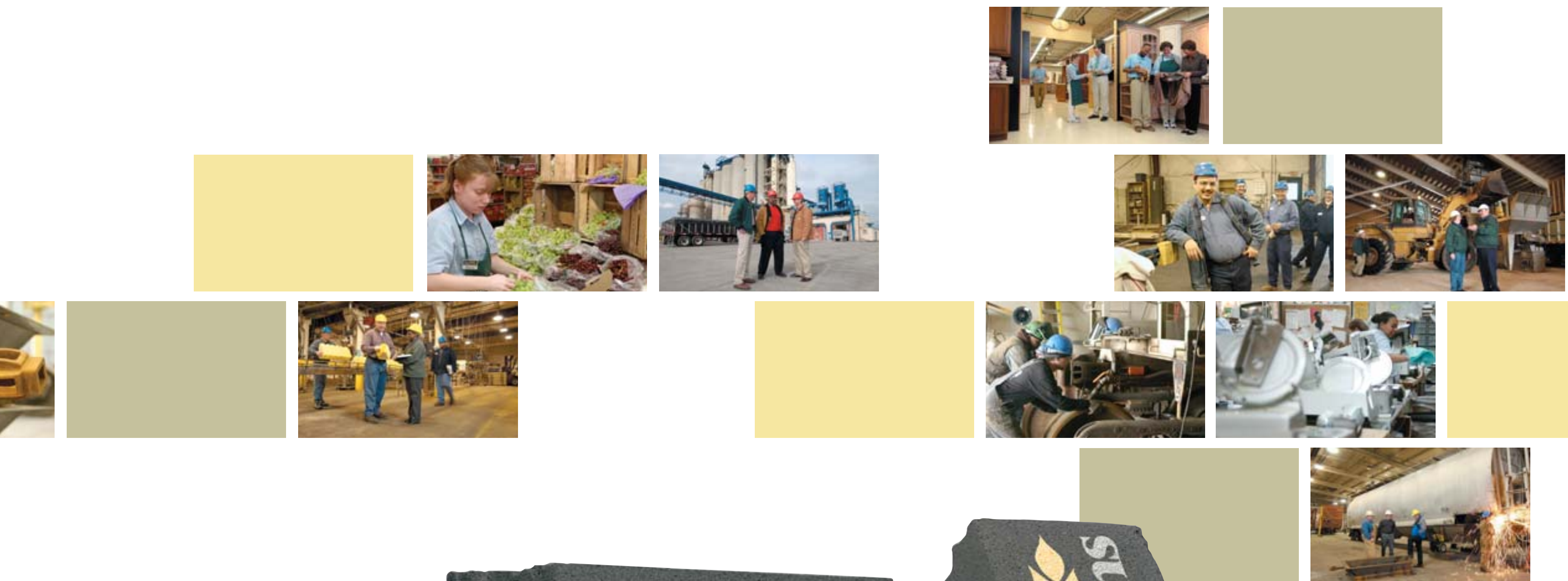


Building Our Brand

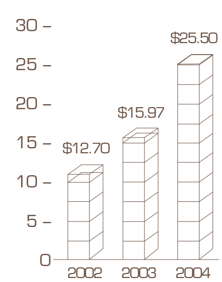
The Andersons, Inc. Summary Annual Report 2004

The Andersons, Inc. (Nasdaq: ande) is a diversified agribusiness and retailing company with annual revenues of approximately $1.3 billion. The company, which began operations in Maumee, Ohio in 1947 with one grain elevator and 500,000 bushels of storage capacity, today has four Operating Groups: Agriculture, Processing, Rail, and Retail. For more in-depth information about the company, please visit our website at www.andersonsinc.com.

2004 Accomplishments

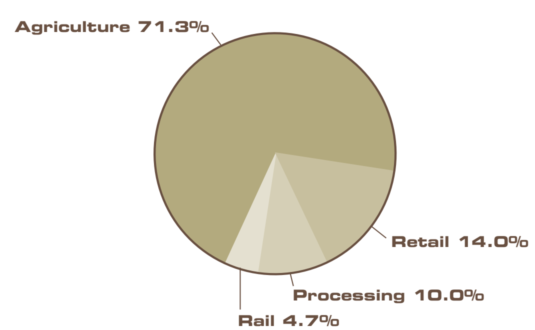
- Shareholders received a 62% total return on their investment
- Income per diluted share reached a record $2.55
- Acquired 6,700 railcars and 48 locomotives
- Purchased the grain assets of Farmers Elevator Co. of Oakville, IN
- Agriculture Group operating income was a record-setting $21.3 million
- Operating Income for the Rail Group increased by 170%
- Increased investment in Lansing Grain Company LLC
- Implemented new Human Resource Management System
- Renegotiated the $200 million syndicated line of credit
- 22 Company facilities recorded zero accidents
- Successfully issued management's opinion on internal controls over financial reporting

CLOSING STOCK PRICE
as of 12/31



DIVIDENDS PAID PER SHARE

REVENUES
year: $1.28 billion

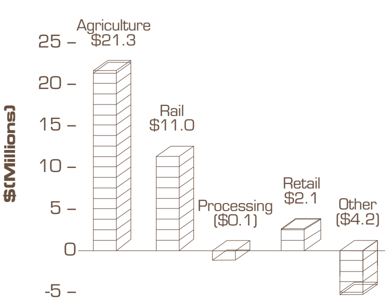


Financial Highlights

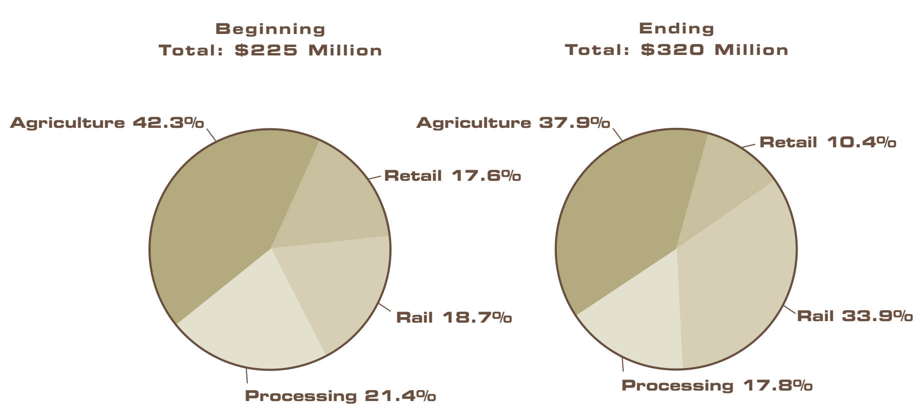
(in thousands, except for per share data, ratios and other data)	2004	2003	% Change
Operating Results			
Grain sales & revenues	$ 672,906	$ 704,574	-4.5%
Fertilizer, retail & other sales	602,367	542,390	11.1%
Total sales & revenues	1,275,273	1,246,964	2.3%
Gross profit - grain	52,680	41,783	26.1%
Gross profit - fertilizer, retail & other	136,419	122,311	11.5%
Total gross profit	189,099	164,094	15.2%
Net income	19,144	11,701	63.6%
Financial Position			
Total assets	572,789	492,619	16.3%
Working capital	105,746	89,532	18.1%
Weighted average shares outstanding	7,246	7,141	1.5%
Per Share Data			
Net income - diluted	2.55	1.59	60.4%
Dividends paid	0.305	0.28	8.9%
Year end market value	25.50	15.97	59.7%
Ratios and Other Data			
Pretax return on beginning equity	26.0%	17.0%	
Net income return on beginning equity	16.5%	11.1%	
Funded long-term debt to equity (a)	0.7-to-1	0.7-to-1	
Effective tax rate	36.4%	34.9%	

(a) Excludes current portion of long-term debt and non-recourse debt

OPERATING INCOME
total: $ 30.1 million



2004 ALLOCATED CAPITAL



To Our Shareholders and Friends

The Andersons had a **terrific** year in 2004. Our results reflect the positive actions of many individuals and good market conditions, both of which are supporting the growth of our business. We earned a **record** $2.55 per diluted share compared to $1.59 in 2003. Net income was the best ever at $19.1 million vs. $11.7 million in 2003. Revenues were a record as well at $1.3 billion. Our shareholders enjoyed excellent total returns over the past three years of 62%, 28% and 30% in 2004, 2003 and 2002 respectively. The quarterly dividend payout increased by 7% in the first quarter and 7% again in the fourth quarter of 2004.

Total assets grew by 16% primarily driven by the businesses we acquired in 2004. The new investments are paying off as net cash, provided by operations before changes in operating assets and liabilities, increased by 61%. Yes, our balance sheet grew; however, our overall leverage improved as well. The long-term (recourse only) debt-to-equity ratio ended at .7 to 1. Book value per share increased 13% while our book-to-market value ratio increased by 41%. Needless to say, the stock market has responded to the Company's performance.

Acquisitions in 2004 included certain rail assets of Railcar Ltd., a subsidiary of Progress Energy; a grain elevator in Oakville, Indiana; and an additional equity investment in Lansing Grain Company LLC. The Railcar Ltd. acquisition was very complex, with assets residing in the United States, Mexico and Canada. Financing of the $85 million rail asset purchase was completed by issuing $86 million of non-recourse bonds and resulted in $5 million of financing costs to the Company. Of the bonds, $81 million were insured by MBIA and rated AAA by S&P and Fitch in February 2004.

We took on significant challenges this year. We essentially doubled the size of our **Rail Group** and moved Railcar Ltd.'s operations from Atlanta to our headquarters in Maumee, Ohio. Other challenges included: Sarbanes-Oxley Section 404 certification and its added external costs of over $1.3 million, rising health benefit costs, and higher energy costs due to crude oil being in the $50 per barrel range.

Doubling the size of the **Rail Group** and increased demand for railcars proved to be very positive as the Group's income rose 170% in 2004. The excellent grain-growing season and record corn and soybean harvests, added to the positive results in the **Agriculture Group's Grain Division**. Higher corn prices in the first half of 2004 and good farm cash flow fueled a nice increase in demand for fertilizer nutrients in the **Plant Nutrient Division (PND)**. In addition, the team at Lansing Grain performed particularly well last year which resulted in another nice return on our investment. The **Processing Group's** overall tonnage volumes were down 8%, primarily in the industrial segment of Lawn, but the decline was partially offset by better margins. The **Retail Group's** sales, customer counts and average gross margins were relatively stable, but the Group faced significant increases in competition in all of its markets. The competitive pressure was especially strong in Lima and Toledo.

Our BRAND is based on the promise that The Andersons develops unique and enduring relationships with our customers that help them achieve excellence and success.

In 2005, we are entering the 58th year of our company's growth and success. If our founders, Harold and Margaret Anderson, were alive today, we are sure they would be proud of the Company they started in 1947, the customers it serves and the people who make it all happen.

For more specific business unit highlights from 2004, see the business unit analysis on pages 6-13.

2005 OUTLOOK

On the cover of the annual report and on selected pages you will notice that we have featured the concept of **"Building Our Brand."** We know that we have brand equity in The Andersons' name, and we have invested significant time and resources in understanding that brand, as well as defining the ways in which we would like to increase that brand equity in the future. Our brand is based on the promise that The Andersons develops unique and enduring relationships with our customers that help them achieve excellence and success. The power of this brand comes from a personal commitment that our company and employees make to our customers, our community, our employees and our shareholders. This brand is delivered with the values of integrity, loyalty, and honesty with a friendly, committed and genuine personality. Look for us to feature this brand image more prominently as a means to grow our business in the future.

The **Agriculture Group**, which includes the **Grain Division** and the **Plant Nutrient Division** represents the company's largest investment and the core of its business. The Group as a whole enjoyed a record-setting 2004.

The **Grain Division** had another very successful year with full-year operating income reaching the second highest level in history. The record corn and soybean harvest filled our elevators to over 80% of capacity, another second highest in history record. Generally, high beginning grain inventories are a positive sign for storage income for the first half of the following year. Worldwide demand for all grain products remains a powerful incentive for increased U.S. crop production in 2005. The **Grain Division** has total capacity of 82 million bushels in the eastern corn belt. Lansing Grain has 3 million bushels of capacity in Bliss, ID and Red Cloud, NE providing us with a presence in the western corn belt through our minority investment. In 2005, the Division will again increase its investment in Lansing Grain, which has proven to be a good fit with its base business. We will continue to explore growth opportunities in the eastern and western corn belts.

In addition, we are considering investment opportunities in the ethanol industry. High-energy costs are increasing the demand for ethanol. Approximately 70% of the cost of ethanol is corn. The Company believes it can serve the industry given its long history of risk management of the primary industry feedstock; plus, we have efficient, strategically-located elevators that can be incorporated into the plants. We are currently reviewing several sites for ethanol production facilities.

In 2005, **PND** intends to continue to increase market share through customer growth, leveraging its excellent relationships with a dwindling number of North American manufacturers of potassium, phosphate, and nitrogen and augmenting its nitrogen supply base with offshore sources. In addition, the Division will invest in process improvements designed to reduce costs, widen margins and manage risks in its operating and marketing areas. **PND's** strategic growth initiatives focus on expanding its customer base and product offering in its core basic and specialty nutrient wholesale business and in its non-agriculture business with products such as nitrogen base reagents, low corrosive anti-icers and nitrogen products for general industrial use. **PND** continues to work with its pollution control technology partner, Powerspan Corp., to commercialize its multi-pollutant scrubbing technology for which the division is its designated reagent supplier and co-product distributor.

The **Rail Group's** 2004 successful acquisition and integration of operations and assets with the Group's own holdings was encouraging. The integration has gone well and has enabled us to realize substantial operating efficiency. The Group plans to continue to grow its fleet as well as its customer base through selective fleet expansion or portfolio acquisition. By adding a variety of car types to its product offering, the Group will continue to diversify its customer base.

With approximately 14,600 railcars and more than 115 locomotives under management, the Group is now one of the top ten railcar management companies serving the North American market

The **Rail Group** plans to maximize its potential as the total rail solutions provider for its customers in 2005. This concept draws on the Group's expertise in combining leasing, repair, fabrication, management and support services to benefit customers.

Customer service includes our ability to retro-fit and reengineer existing cars to meet unique customer needs. This important feature helps the **Rail Group** attract new customers. We added a South Carolina railcar repair shop to serve the southern U.S. this past year and are currently evaluating several opportunities to further expand the repair function using both repair shops and mobile units to better serve customers. In the non-railcar fabrication shop the Group plans to renew its product development efforts to grow this portion of the business. The ability to custom-design and fabricate components for railcar customers positions the **Rail Group** to live up to its total rail solutions slogan.

The **Processing Group's** plans for 2005 are to continue streamlining operations and to improve plant utilization. In 2004, the Group closed a Pennsylvania production plant as part of this effort. Plans are to focus on reducing expenses, improving margins, and reducing working capital through increasing inventory turns across all product lines. **Processing** has been challenged due to the upward spiral in raw material costs that threaten its margins. They are taking aggressive steps to reverse last year's lower volumes in **The Andersons Golf Products™**. The Group's growth strategy for this market segment includes developing a variety of high-value, proprietary products.

The **Processing Group's** cob-based products business, which includes bedding for research animals as well as consumer cat-litter products, also had a tough time in 2004. Market factors for this segment put pressure on gross margin for the year. The Group plans to grow the market for these products while at the same time implementing tighter controls on processes and costs in its cob plants.

In 2005, the **Retail Group** is planning to implement growth initiatives that build on their customer-focused **MORE FOR YOUR HOME®** concept. Among those are adding a fresh meat market to the Brice Road store in Columbus. This addition builds on the successful fresh food strategy **Retail** has been rolling out over the past several years.

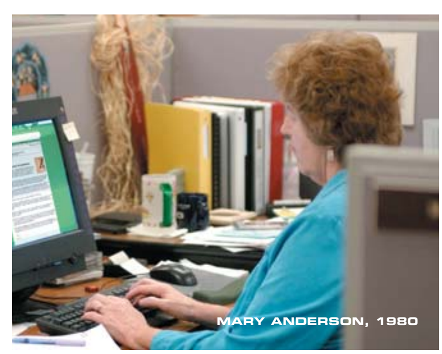
This past year **Retail** redesigned the electrical, bath and plumbing areas and began the resets of these areas at its Northwest Ohio stores. Resets will be completed in the Lima and Columbus stores later this year. The Group is also implementing a new "project selling" initiative designed to attract additional customers to these areas through the promotion of total project management for kitchen and bath projects.

On the Administrative side, we will continue to keep a watchful eye on operating, administrative and general expenses for greater efficiencies. Although health care costs remain a major concern, our efforts in managing these costs allow us to offer employees a competitive health care benefit program at a reasonable cost.

We continue to focus on safety in all our operations and are seeing the benefit of that initiative. Scores in our safety rating system continue to rise with *22 facilities* recording zero accidents in 2004.

RENNETTA HORTON, 2004°

LAUREEN BORING, 1986



MARY ANDERSON, 1980

°date employee joined The Andersons

Over the past year, the Company invested a significant amount of time and financial resources to implement the SEC's regulations around Managements' Report on Internal Controls over Financial Reporting, Section 404 of the Sarbanes-Oxley Act of 2002. Documenting and testing all of our internal controls was a massive undertaking. Although it diverted our resources from other pursuits, we learned that a high degree of transparency and the culture of integrity that the Sarbanes-Oxley Act strives to create already exist at our Company. In the long term, compliance with Sarbanes-Oxley legislation may help us realize greater efficiencies in all aspects of our business. However, at this point it is unclear if the added cost justifies the benefits. We are pleased the SEC is seeking public feedback from registrants on the Sarbanes-Oxley Act. Our first report and the independent auditors' attestation are included in the Form 10-K.

In 2005, we will complete the final phases of implementing a new Human Resource Management System (HRMS) that will streamline the human resource, payroll, and time management functions, and create long-term efficiencies. It also, for the first time, provides employees and supervisors direct online access to personal and job-related information. As with the Sarbanes-Oxley project, HRMS drew on a cross functional team from several departments for implementation and training.

This year we renewed our $200 million syndicated credit line with six major banks. The agreement offers us more flexibility and rates that are competitive and tied to our overall leverage. Short-term interest rates for 2004 averaged 1.9%. We are projecting our long-term debt interest rate to be just below 6% in 2005. As we noted earlier, we completed and financed a significant rail acquisition in 2004. In fact, it was our largest acquisition ever. This complex transaction engaged personnel in our **Rail Group**, as well as in the Treasury, Legal, and Accounting Departments, and is expected to have lasting financial benefits for the Company.

We feel so strongly about service to our community that we made it part of our Mission Statement. Although we are sometimes reluctant to "toot our own horn," we wanted to mention just a few of our community projects. As a company, we strongly support the United Way and the end result was, this past year we once again surpassed our goal. In 2004, the company built its first Habitat for Humanity house in Toledo. The project was co-chaired by Dick Anderson and his long-time friend and retired Andersons' employee, Sam Irmen. Employees donated countless hours of their free time to this effort and many of our vendors provided products and services. For the seventh year, we set aside one day to donate a penny for every bushel of grain received at our River elevators to the Toledo Northwestern Ohio Food Bank. We call it our Share-the-Harvest day. These few examples just begin to tell the story. There are countless other ways in which our Company and our employees support our communities.

We recognize that our employees are paramount to the success of our business. We are fortunate to attract and retain 2,900 hard working, creative and dedicated employees who are accountable in every sense – for the quality and integrity of their work, of their actions, and of their service to the customer, community and each other. We are grateful to them, to our customers and suppliers, and to you, our shareholders. We have built our business on honesty, integrity, and mutual respect. These values will continue to guide our growth at The Andersons.

SINCERELY,

Mike

Mike Anderson, CEO & President

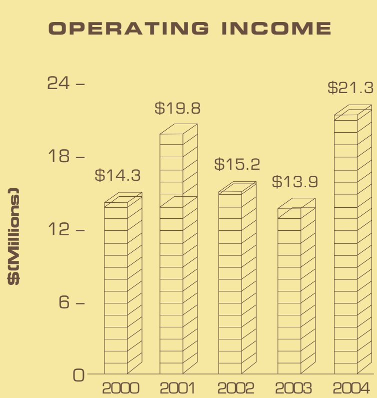
Dick

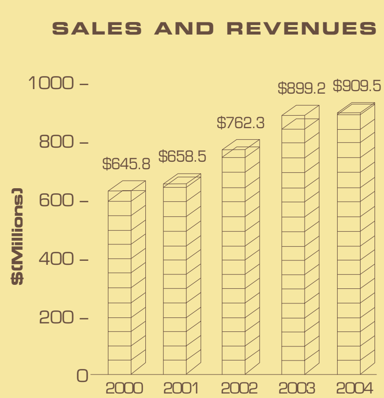
Dick Anderson, Chairman of the Board

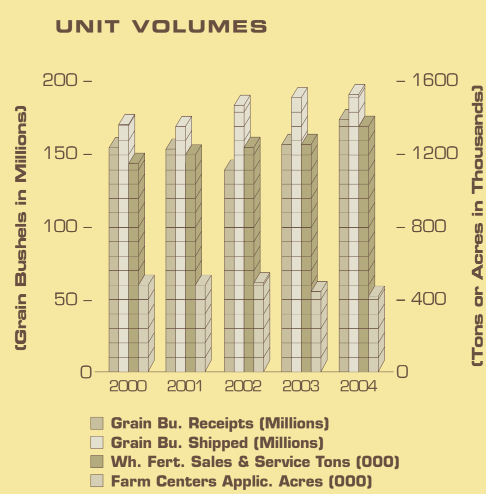
Agriculture Group

*date employee joined The Andersons

The Agriculture Group, consisting of the Grain Division and the Plant Nutrient Division, operates grain elevators and plant nutrient formulation and distribution facilities in Ohio, Michigan, Indiana and Illinois. The group's elevators receive large quantities of grain and oilseeds (primarily corn, soybeans and wheat) from farms and country elevators in the region. They store and condition the grain, then market it via rail or ship to domestic and export processors. The Grain Division also offers various risk management and marketing services to grain producers and elevators throughout the corn belt. The group's plant nutrient facilities formulate, store and distribute 1.5 million tons of dry and liquid agricultural nutrients each year to dealers, distributors and







company-owned farm centers. The Plant Nutrient Division also manufactures technologically advanced and environmentally friendly liquid anti-icer products for use in highway and airport runway applications. In addition, it is a supplier of nitrogen reagents used to scrub pollutants from the emissions of coal burning power plants.

In 2004, the Agriculture Group's operating income reached $21.3 million. This was the most profitable year in its 57-year history and was $7.4 million above the group's 2003 performance. Total revenues of $909 million in 2004 were $10 million higher than the previous year.

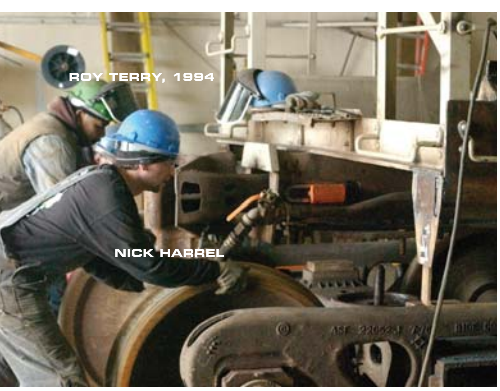
Corn and soybean production in the U.S. reached record levels in 2004. As a result, total bushels delivered to the Grain Division's elevators, 177 million for the year, were 11 percent higher than the previous year, and space income, the earnings generated by storing grain, also increased significantly. On December 31, 2004, the division's elevators held more bushels than the four previous year-ends. The number of bushels sold by the Grain Division also increased in 2004, and average gross margins improved by about a penny per bushel. The large crop caused average grain prices to decline, however, so total revenues were lower this year than they had been in 2003. The investment in Lansing Grain also performed well this year, and the division's total operating income increased substantially. During the year, the Grain Division purchased the elevator in Oakville, Indiana, that it had been leasing. It also has recently indicated an interest in investing in new ethanol production facilities to be constructed in the region.

The Plant Nutrient Division achieved volume growth of more than 10 percent in 2004. This volume growth coupled with significant escalation in major nutrient prices pushed the division's revenues up 22 percent over 2003. Average gross margins declined slightly from the previous year, however, and operating expenses experienced some inflationary pressure. As a result, the division's operating income for 2004 was down somewhat from its all time best performance achieved in 2003. During the year, the division sold two underperforming farm centers.

In addition to acquiring the Oakville, Indiana elevator and increasing its investment in Lansing Grain, the Agriculture Group continued to spend a sizable portion of the Company's total capital on plant and equipment in 2004 on facility recapitalization and operating improvement projects.

Rail Group

°date employee joined The Andersons

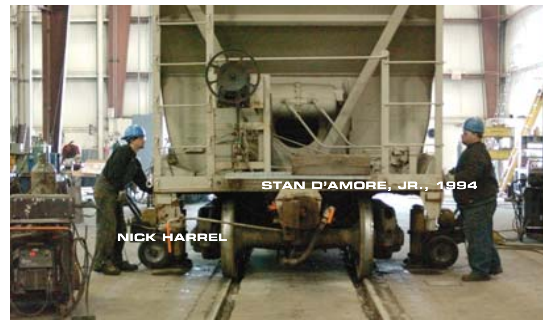


The Rail Group sells and leases railcars and locomotives. It also repairs and reconfigures various types of railcars to meet customer specifications, and operates a custom steel-fabrication business. The group's rail marketing business has grown significantly in recent years and controlled more than 14,600 railcars and over 115 locomotives at the end of 2004. The railcar fleet consists of covered hopper cars, boxcars, open top hopper cars, gondolas, and tank cars. The group leases its rolling stock to shippers, railroads and fleet owners in a wide range of industries.

The group's total revenues were $59 million in 2004. This was $24 million, or 68 percent, above the $35 million generated in 2003. The biggest factor contributing to this revenue growth was a large acquisition, which doubled the size of the rail equipment fleet that the group controls or manages.

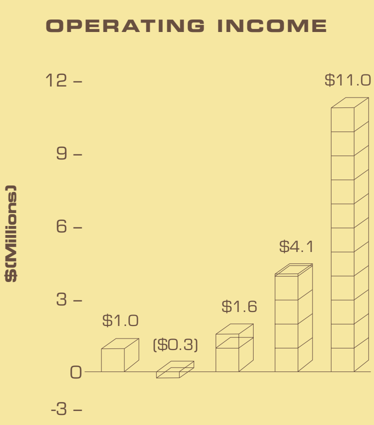
With portions of the acquired fleet located in Canada and Mexico as well as the United States, this acquisition made the Rail Group a truly international business with a presence throughout North America. The acquisition could not have been made at a better time. In 2004, demand for cars continued to strengthen, car values and lease rates continued to rise and new car construction was again curtailed by high steel prices. All of these factors benefited the niche occupied by The Andersons' Rail Group. As leases expire, they are being renewed at higher monthly

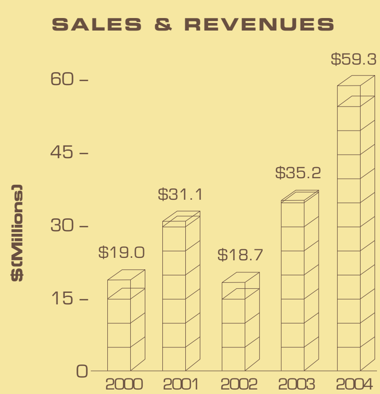
lease rates and for longer terms. After completing the acquisition early in the year, the group was able to realize the savings and efficiency improvements originally anticipated. The utilization rate of the combined fleet rose as well, and stands above 90 percent at year-end. As the group continues to build the lease fleet, it is taking care to diversify it in terms of lease duration, car types, industries, customers and geographic dispersion. The group continues to monitor credit quality of its customers diligently, and to match fund assets and liabilities as much as possible to effectively manage risk.

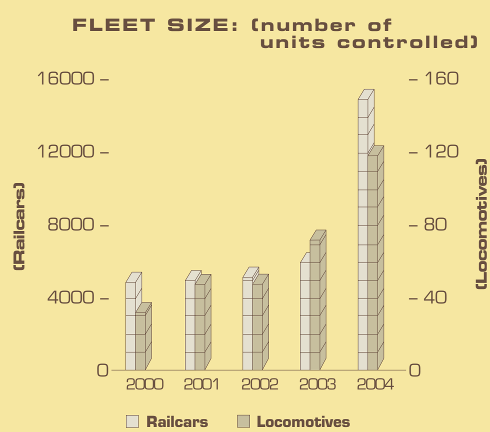


The group's railcar repair shops, one located in Maumee, Ohio and the other in Spartanburg, South Carolina, achieved excellent results in 2004. While the fabrication business, which had enjoyed some unusually large railcar component orders in 2003, experienced a drop in revenue and operating income in 2004, the integration of the repair and fabrication shops with the rail leasing business continued to be fruitful. Consistent with its goal of becoming a total rail solutions provider for its customers, the group has the ability to design and fabricate components, reconfigure the railcars, then sell or lease the refurbished cars to its customers.

Because of the significant growth in its leasing business this year, the Rail Group's operating income improved dramatically. In total, the group achieved an operating income of $11.0 million in 2004, an increase of $6.9 million from the previous year.







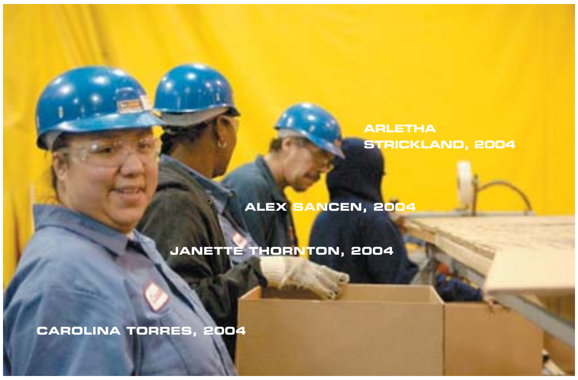
Processing Group

*date employee joined The Andersons

The Processing Group manufactures turf and ornamental plant fertilizer and control products sold by retailers in the U.S. and is the industry's leading supplier of premium turf-care products for golf courses and other professional markets. It also produces corncob-based chemical and feed ingredient carriers, animal bedding, cat litter and ice-melter products. The group operates processing facilities in Maumee and Bowling Green, Ohio; Montgomery, Alabama; and Delphi, Indiana.

Total revenues in 2004 were $128 million, 5 percent below the $134 million full-year revenues generated in 2003. The Processing Group incurred a slight operating loss this year. In 2003, it had achieved an operating income of $1.0 million.

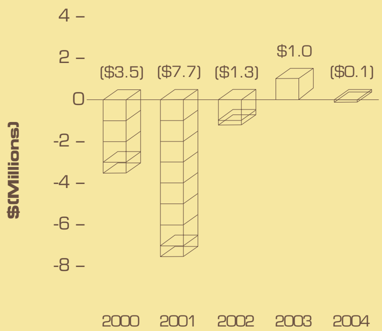
Sales and operating income in the group's turf care products business declined in 2004. While sales to consumer accounts were flat year-to-year, the volume of business with industrial accounts and professional markets was down. Average gross margins on turf care products increased somewhat, but not enough to offset the volume decrease. Expenses in this business unit were lower for the year, even considering some non-recurring costs associated with the shut-down of a production operation in Pennsylvania. In response to the sales decline, the group also significantly reduced its working capital investment.



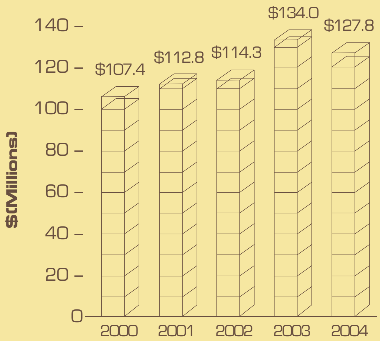
The group's cob-based business achieved volume and revenue growth in 2004. However, market pressure on average gross margins caused an erosion of full-year operating income in this business unit as well.

Andersons GOLF PRODUCTS®

OPERATING INCOME

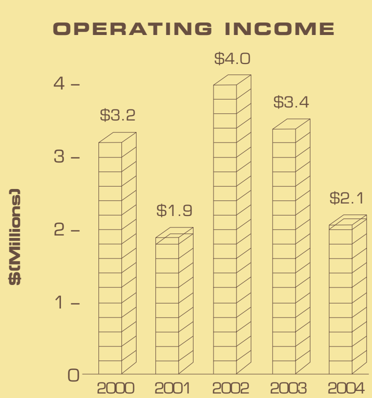


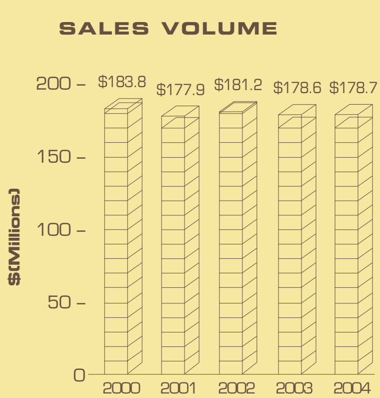
REVENUES



Retail Group

°date employee joined The Andersons





The Retail Group operates six large stores in Ohio; three in the Toledo area, two in Columbus and one in Lima. Four are stand-alone facilities with in-store selling space of 130,000 or more square feet each. The other two are slightly smaller mall-based units. The goal of the Retail Group is to serve the needs of homeowners more effectively than competing home centers and mass merchants. Consistent with that goal, the group focuses on ensuring that shoppers enjoy an extraordinary shopping experience each time they visit The Andersons. The group's central message to the retail customer is MORE FOR YOUR HOME™.

The product offering in The Andersons stores includes a broad array of traditional home center merchandise - kitchen and bath design, flooring, plumbing, electrical and building supplies, hardware, tools, paint and

lighting products. In addition to these, the stores feature lawn and garden products, extensive lines of housewares and domestics, workwear, pet supplies, automotive supplies, and sporting goods. Each store also has an Uncommon Market™ with a unique offering of high quality foods including produce, a deli, a bakery, specialty gourmet foods, frozen and fresh meats, and one of the largest selections of fine wines in the Midwest.

Total sales for the Retail Group were virtually unchanged this year, at $179 million. Operating income declined, however, from $3.4 million in 2003 to $2.1 million in 2004.

The number of customers served in 2004, average amount purchased by each customer, and average gross margins were all very consistent with the previous year. Total expenses were higher, however, primarily because of increases in utility rates and continued inflation in employment-related costs. The group's lawn equipment sales and service center matched its year-earlier operating income in 2004. During the year, competitors opened several new stores in the group's region, primarily in the Lima and Toledo market areas.

ANGIE LYBARGER, 2000

Specialty food product categories achieved growth again in 2004. The lawn and garden business was down this year, however, due to poor weather during the important spring season. Throughout the year, the Retail Group continued its emphasis on operational factors such as working capital management, in-stock performance, and labor efficiency. It also began to give additional focus to assisting customers with the design and installation process on major home renovation projects such as kitchen and bath upgrades.

ANDREA NEWSTEAD, 2004

EBONY GREENLEE, 2004

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF THE ANDERSONS, INC.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of The Andersons, Inc. and its subsidiaries as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2004; and in our report dated March 14, 2005 , we expressed unqualified opinions thereon. The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting referred to above (not presented herein) appear in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

As described in Note 2, during 2002, the Company adopted EITF Topic D-96, *Accounting For Management Fees Based On A Formula*.

PricewaterhouseCoopers LLP

Toledo, Ohio
March 14, 2005

Condensed Consolidated Statements Of Income

(in thousands, except per common share data)	Year ended December 31 2004	2003	2002
Sales and merchandising revenues	$ **1,275,273**	$ 1,246,964	$ 1,076,527
Cost of sales and merchandising revenues	**1,086,174**	1,082,870	913,426
Gross profit	**189,099**	164,094	163,101
Operating, administrative and general expenses	**154,895**	143,129	141,028
Interest expense	**10,545**	8,048	9,812
Other income / gains:			
Other income, net	**4,973**	4,701	3,426
Equity in earnings of affiliates	**1,471**	347	13
Gain on insurance settlements	–	–	302
Income before income taxes and cumulative effect of accounting change	**30,103**	17,965	16,002
Income tax provision	**10,959**	6,264	5,238
Income before cumulative effect of accounting change	**19,144**	11,701	10,764
Cumulative effect of change in accounting principle, net of income tax effect	–	–	3,480
Net income	$ **19,144**	$ 11,701	$ 14,244
Per common share:			
Basic earnings per share:			
Income before cumulative effect of accounting change	$ **2.64**	$ 1.64	$ 1.48
Cumulative effect of change in accounting principle, net of income tax effect	–	–	0.48
Net income	$ **2.64**	$ 1.64	$ 1.96
Diluted earnings per share:			
Income before cumulative effect of accounting change	$ **2.55**	$ 1.59	$ 1.45
Cumulative effect of change in accounting principle, net of income tax effect	–	–	0.47
Diluted earnings	$ **2.55**	$ 1.59	$ 1.92
Dividends paid	$ **0.305**	$ 0.28	$ 0.26

The consolidated Statements of Income, Balance Sheets, Statements of Cash Flows and the Selected Financial Data: Five Year Summary have been condensed and should be read in conjunction with the audited consolidated financial statements included in the Company's 2004 Form 10K.

Condensed Consolidated Balance Sheets

(in thousands)	December 31 2004	2003
Assets		
Current assets:		
Cash and cash equivalents	$ 8,439	$ 6,444
Restricted cash	1,532	–
Accounts and notes receivable:		
Trade receivables, less allowance for doubtful accounts of $2,136 in 2004; $2,274 in 2003	64,458	67,375
Margin deposits	1,777	1,171
	66,235	68,546
Inventories	251,428	259,755
Railcars available for sale	6,937	1,448
Deferred income taxes	2,650	3,563
Prepaid expenses and other current assets	21,072	17,223
Total current assets	358,293	356,979
Other assets:		
Pension asset	6,127	6,434
Other assets and notes receivable, less allowance for doubtful notes receivable of $173 in 2004; $259 in 2003	10,464	4,806
Investments in and advances to affiliates	4,037	2,462
	20,628	13,702
Railcar assets leased to others, net	101,358	29,489
Property, plant and equipment, net	92,510	92,449
	$ 572,789	$ 492,619
Liabilities and Shareholders' equity		
Current liabilities:		
Short-term borrowings	$ 12,100	$ 48,000
Accounts payable for grain	87,322	88,314
Other accounts payable	66,208	72,291
Customer prepayments and deferred revenue	50,105	34,366
Accrued expenses	20,744	19,024
Current maturities of long-term debt – non-recourse	10,063	–
Current maturities of long-term debt	6,005	5,452
Total current liabilities	252,547	267,447
Deferred income and other long-term liabilities	1,213	1,359
Employee benefit plan obligations	16,890	14,493
Long-term debt – non-recourse, less current maturities	64,343	–
Long-term debt, less current maturities	89,803	82,127
Deferred income taxes	14,117	11,402
Total liabilities	438,913	376,828
Shareholders' equity:		
Common shares, without par value		
Authorized – 25,000 shares		
Issued – 8,430 shares at stated value of $0.01 per share	84	84
Additional paid-in capital	67,960	67,179
Treasury shares, at cost (1,077 in 2004; 1,229 in 2003)	(12,654)	(13,118)
Accumulated other comprehensive loss	(397)	(355)
Unearned compensation	(119)	(120)
Retained earnings	79,002	62,121
	133,876	115,791
	$ 572,789	$ 492,619

Condensed Consolidated Statements of Cash Flows

(in thousands)	2004	2003	2002
		Year ended December 31	
Operating activities			
Net income	$ 19,144	$ 11,701	$ 14,244
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,435	15,139	14,314
Cumulative effect of accounting change, net of income tax effect	--	--	(3,480)
Unremitted earnings of affiliates	(854)	(353)	(41)
Gain on disposal of property, plant and equipment	(431)	(273)	(708)
Realized gains on sales of railcars and related leases	(3,127)	(2,146)	(179)
Deferred income taxes	3,184	382	1,432
Other	739	446	91
Cash provided by operations before changes in operating assets and liabilities	40,090	24,896	25,673
Changes in operating assets and liabilities:			
Accounts and notes receivable	2,311	(8,814)	(4,896)
Inventories	8,327	(3,480)	(17,984)
Prepaid expenses and other assets	(2,731)	(6,266)	(433)
Accounts payable for grain	(992)	12,893	8,454
Other accounts payable and accrued expenses	15,487	24,864	12,435
Net cash provided by operating activities	62,492	44,093	23,249
Investing activities			
Acquisition of business	(85,078)	--	--
Purchases of railcars	(45,550)	(20,498)	(8,203)
Proceeds from sale or financing of railcars and related leases	45,640	16,710	15,985
Purchases of property, plant and equipment	(13,201)	(11,749)	(9,834)
Proceeds from disposals of property, plant and equipment	1,386	607	900
Investment in affiliate	(675)	(1,182)	--
Restricted cash	(1,532)	--	--
Net cash used in investing activities	(99,010)	(16,112)	(1,152)
Financing activities			
Net decrease in short-term borrowings	(35,900)	(22,000)	(12,600)
Proceeds from issuance of long-term debt	14,678	2,916	22,333
Proceeds from issuance of non-recourse, securitized long-term debt	86,400	--	--
Payments of long-term debt	(6,449)	(9,385)	(29,976)
Payments of non-recourse, securitized long-term debt	(11,994)	--	--
Change in overdrafts	(2,307)	3,126	2,866
Payment of debt issuance costs	(4,704)	--	(634)
Proceeds from sale of treasury shares under stock compensation plans	1,004	964	840
Dividends paid	(2,215)	(2,009)	(1,903)
Purchase of treasury shares	--	(1,244)	(2,625)
Net cash provided by (used in) financing activities	38,513	(27,632)	(21,699)
Increase in cash and cash equivalents	1,995	349	398
Cash and cash equivalents at beginning of year	6,444	6,095	5,697
Cash and cash equivalents at end of year	$ 8,439	$ 6,444	$ 6,095

Selected Financial Data: Five Year Summary

(in thousands, except for per share and ratios and other data)	For the years ended December 31				
	2004	**2003**	**2002**	**2001**	**2000**
Operating results					
Grain sales and revenues	**$ 672,906**	$ 704,574	$ 583,947	$ 475,953	$ 488,204
Fertilizer, retail & other sales	**602,367**	542,390	492,580	504,408	470,301
Total sales & revenues	**1,275,273**	1,246,964	1,076,527	980,361	958,505
Gross profit – grain	**52,680**	41,783	47,348	52,029	46,789
Gross profit – fertilizer, retail & other	**136,419**	122,311	115,753	108,722	111,393
Total gross profit	**189,099**	164,094	163,101	160,751	158,182
Other income / gains (a)	**4,973**	4,701	3,728	3,846	7,060
Equity in earnings (losses) of affiliates	**1,471**	347	13	(5)	9
Pretax income	**30,103**	17,965	16,002	11,931	14,364
Income before cumulative effect of change in accounting principle	**19,144**	11,701	10,764	9,042	10,078
Cumulative effect of change in accounting principle (net of tax)	**–**	–	3,480	(185)	–
Net income	**19,144**	11,701	14,244	8,857	10,078
Financial position					
Total assets	**572,789**	492,619	469,218	458,324	442,965
Working capital	**105,746**	89,532	81,755	75,228	55,260
Long-term debt (b)	**89,803**	82,127	84,272	91,316	80,159
Long-term debt, non-recourse (b)	**64,343**	–	–	–	–
Shareholders' equity	**133,876**	115,791	105,765	94,934	89,836
Cash flows / liquidity					
Cash flows from operations	**62,492**	44,093	23,249	(6,108)	(18,303)
Depreciation and amortization	**21,435**	15,139	14,314	14,264	13,119
Cash invested in acquisitions / investments in affiliates	**85,753**	1,182	–	–	16,311
Investments in property, plant & equipment	**13,201**	11,749	9,834	9,155	16,189
Net investment in (sale of) railcars (c)	**(90)**	3,788	(7,782)	6,414	12,424
EBITDA (e)	**62,083**	41,152	40,128	37,765	39,312
Per share data:					
Net income – basic	**2.64**	1.64	1.96	1.22	1.34
Net income – diluted	**2.55**	1.59	1.92	1.21	1.34
Dividends paid	**0.305**	0.28	0.26	0.26	0.24
Year-end market value	**25.50**	15.97	12.70	10.00	8.62
Ratios and other data					
Pretax return on beginning equity	**26.0%**	17.0%	16.9%	13.3%	16.9%
Net income return on beginning equity	**16.5%**	11.1%	15.0%	9.9%	11.9%
Funded long-term debt to equity ratio (d)	**0.7-to-1**	0.7-to-1	0.8-to-1	1.0-to-1	0.9-to-1
Weighted average shares outstanding (000's)	**7,246**	7,141	7,283	7,281	7,507
Effective tax rate	**36.4%**	34.9%	32.7%	24.2%	29.8%

Note: Prior years have been revised to conform to the 2004 presentation; these changes did not impact net income.

(a) Includes gains of $0.3 million in each of 2002 and 2001, and $2.1 million in 2000 for insurance settlements received. Also in 2000, a $1.0 million gain was recognized on the sale of a business.

(b) Excludes current portion of long-term debt.

(c) Represents the net of purchases of railcars offset by proceeds on sales of railcars. In 2004 and 2002, proceeds exceeded purchases. In 2004, cars acquired in a business acquisition excluded from this number.

(d) Calculated by dividing long-term debt by total year-end equity as stated under "Financial position." Does not include non-recourse debt.

(e) Earnings before interest, taxes, depreciation and amortization, or EBITDA, is a non-GAAP measure. We believe that EBITDA provides additional information for investors and others in determining our ability to meet debt service obligations. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles, and EBITDA does not necessarily indicate whether cash flow will be sufficient to meet cash requirements. Because EBITDA, as determined by us, excludes some, but not all, items that affect net income, it may not be comparable to EBITDA or similarly titled measures used by other companies.

Board Of Directors And Corporate Officers










(1) Audit Committee
(2) Compensation Committee
(3) Governance/Nominating Committee

TOP ROW

MICHAEL J. ANDERSON
President
& Chief Executive Officer
The Andersons, Inc.

RICHARD P. ANDERSON
Chairman
The Andersons, Inc.

THOMAS H. ANDERSON
Chairman Emeritus
The Andersons, Inc.

JOHN F. BARRETT (2)
Chairman, President &
Chief Executive Officer
The Western & Southern
Financial Group

PAUL M. KRAUS
Of Counsel
Marshall & Melhorn LLC

DONALD L. MENNEL (1) (3)
President & Treasurer
The Mennel Milling Company

MIDDLE ROW

DAVID L. NICHOLS (1)
President & Chief Operating
Officer, Rich's Lazarus
Goldsmith's Macy's Division
of Federated Department
Stores, Inc.

DR. SIDNEY A. RIBEAU (2) (3)
President
Bowling Green State University

CHARLES A. SULLIVAN (1) (3)
Past Chairman and Former CEO
Interstate Bakeries Corp.

LOWER ROW

JACQUELINE F. WOODS (2)
Retired President
SBC Ohio

CORPORATE OFFICERS

STANDING, LEFT TO RIGHT: RASESH SHAH, PRESIDENT/RAIL GROUP; PHIL FOX, VP/CORPORATE PLANNING; HAL REED, PRESIDENT/GRAIN DIVISION; GARY SMITH, VP/FINANCE & TREASURER; DAN ANDERSON, PRESIDENT/RETAIL GROUP; CHUCK GALLAGHER, VP/HUMAN RESOURCES; DALE FALLAT, VP/CORPORATE SERVICES; RICK ANDERSON, PRESIDENT/ PROCESSING GROUP.

SEATED, LEFT TO RIGHT: DICK GEORGE, VP/CORPORATE CONTROLLER & CIO; BEVERLY MCBRIDE, VP/GENERAL COUNSEL & CORP. SECRETARY*; MIKE ANDERSON, PRESIDENT & CEO; DICK ANDERSON, CHAIRMAN OF THE BOARD; DENNY ADDIS, PRESIDENT/PLANT NUTRIENT DIVISION.

** THROUGH DECEMBER 31, 2004. AS OF JANUARY 1, 2005, BEVERLY MCBRIDE BECAME OF COUNSEL; NARAN BURCHINOW (NOT PICTURED) BECAME THE COMPANY'S VP/GENERAL COUNSEL & CORPORATE SECRETARY.*

INVESTOR INFORMATION

CORPORATE OFFICES
The Andersons, Inc.
480 West Dussel Drive
Maumee, OH 43537
419-893-5050
www.andersonsinc.com

NASDAQ SYMBOL
The Andersons, Inc. common shares are traded on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol ANDE.

SHAREHOLDERS
As of February 28, 2005, there were 7.4 million shares of common stock outstanding, 911 shareholders of record, and approximately 2,700 shareholders for whom security firms acted as nominees.

TRANSFER AGENT & REGISTRAR
Computershare Investor Services, LLC
2 North LaSalle Street
Chicago, IL 60602
312-360-5260

FORM 10-K
Additional copies of The Andersons' 2004 Form 10-K, filed in mid-March 2005 with the SEC, are available to shareholders and interested individuals without charge by writing or calling Investor Relations.

INVESTOR RELATIONS
Gary L. Smith
Vice President, Finance & Treasurer
419-891-6417
gary_smith@andersonsinc.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
PricewaterhouseCoopers LLP
Toledo, OH

ANNUAL MEETING
The annual shareholders' meeting of The Andersons, Inc. will be held at The Andersons' Headquarters, 480 West Dussel Drive, Maumee, OH 43537 at 1:30 p.m. on May 6, 2005.

Mission Statement

We firmly believe that our company is a powerful vehicle through which we channel our time, talent, and energy in pursuit of the fundamental goal of serving God by serving others. Through our collective action we greatly magnify the impact of our individual efforts to:

- Provide extraordinary service to our customers
- Help each other improve
- Support our communities
- Increase the value of our company

The Andersons, Inc.
480 West Dussel Drive
Maumee, Ohio 43537

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

Commission file number 000-20557

THE ANDERSONS, INC.

(Exact name of registrant as specified in its charter)

OHIO (State or other jurisdiction of incorporation or organization)	34-1562374 (I.R.S. Employer Identification No.)
480 W. Dussel Drive, Maumee, Ohio (Address of principal executive offices)	43537 (Zip Code)

Registrant’s telephone number, including area code (419) 893-5050

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☑ NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). YES ☑ NO o

The aggregate market value of the registrant’s voting stock which may be voted by persons other than affiliates of the registrant was $100.7 million on June 30, 2004, computed by reference to the last sales price for such stock on that date as reported on the Nasdaq National Market.

The registrant had 7.4 million Common shares outstanding, no par value, at February 28, 2005.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on May 6, 2005, are incorporated by reference into Part III (Items 10, 11 and 12) of this Annual Report on Form 10-K. The Proxy Statement will be filed with the Commission on or about March 15, 2005.

TABLE OF CONTENTS

PART I

Item 1. Business

(a) General development of business

The Andersons, Inc. (the “Company”) is a diversified corporation that began operations as a partnership in 1947. The Company is organized into four operating groups. The Agriculture Group purchases and merchandises grain, operates grain elevator facilities located in Ohio, Michigan, Indiana and Illinois, manufactures and sells dry and liquid agricultural nutrients, distributes agricultural inputs (nutrients, chemicals, seed and supplies) to dealers and farmers and formulates anti-icers for road and runway use. The Rail Group sells, repairs, reconfigures, manages and leases railcars and locomotives. The Processing Group manufactures turf and ornamental plant fertilizer and control products for lawn and garden use, professional golf and landscaping industries and corncob-based products for use in various industries. The Retail Group operates six large retail stores, and a distribution center in Ohio.

(b) Financial information about industry segments

See Note 13 to the consolidated financial statements in Item 8 for information regarding business segments.

(c) Narrative description of business

Agriculture Group

The Agriculture Group operates grain elevators, plant nutrient formulation and distribution facilities, and farm centers.

The Company’s grain operations involve merchandising grain and operating terminal grain elevator facilities. This includes purchasing, handling, processing and conditioning grain, storing grain purchased by the Company as well as grain owned by others, and selling grain. The principal grains sold by the Company are yellow corn, yellow soybeans and soft red and white wheat. The Company’s grain storage practical capacity was approximately 82.2 million bushels at December 31, 2004.

Grain merchandised by the Company is grown in the Midwestern portion of the United States (the eastern corn belt) and is acquired from country elevators (grain elevators located in a rural area, served primarily by trucks (inbound and outbound) and possibly rail (outbound)), dealers and producers. The Company makes grain purchases at prices referenced to Chicago Board of Trade (“CBOT”) quotations. The Company competes for the purchase of grain with grain processors, regional cooperatives and animal feed operations, as well as with other grain merchandisers. Because the Company generally buys in smaller lots, its competition is generally local or regional in scope, although there

are some large, national and international companies that maintain regional grain purchase and storage facilities. Some of these competitors are significantly larger than the Company.

In 1998, the Company signed a five-year lease agreement (“Lease Agreement”) and a five-year marketing agreement (“Marketing Agreement”) with Cargill, Incorporated (“Cargill”) for Cargill’s Maumee and Toledo, Ohio grain handling and storage facilities. As part of the agreement, Cargill was given the marketing rights to grain in the Cargill-owned facilities as well as the adjacent Company-owned facilities in Maumee and Toledo. These agreements cover 41%, or approximately 33.9 million bushels, of the Company’s total storage space and became effective on June 1, 1998. These agreements were renewed with amendments in 2003 for an additional five years. Grain sales to Cargill totaled $144 million in 2004, and include grain covered by the Marketing Agreement as well as grain sold to Cargill via normal forward sales from locations not covered by the Marketing Agreement. If the Marketing Agreement were not in place for the Maumee and Toledo locations, it is likely that Cargill would still purchase grain from us at these locations either for consumption in their processing facilities or to market to other end users. There were no sales to any other customer in excess of 10% of consolidated net sales.

Approximately 67% of the grain bushels sold by the Company in 2004 were purchased by U.S. grain processors and feeders, and approximately 33% were exported. Exporters purchased most of the exported grain for shipment to foreign markets, while some grain is shipped directly to foreign countries, mainly Canada. Almost all grain shipments are by rail or boat. Rail shipments are made primarily to grain processors and feeders, with some rail shipments made to exporters on the Gulf of Mexico or east coast. Boat shipments are from the Port of Toledo. Grain sales are made on a negotiated basis by the Company’s merchandising staff, except for grain sales subject to the Marketing Agreement with Cargill which are made on a negotiated basis with Cargill’s merchandising staff.

The Company’s grain business may be adversely affected by the grain supply (both crop quality and quantity) in its principal growing area, government regulations and policies, conditions in the shipping and rail industries and commodity price levels. See “Government Regulation” on page 11. The grain business is seasonal, coinciding with the harvest of the principal grains purchased and sold by the Company.

Fixed price purchase and sale commitments for grain and grain held in inventory expose the Company to risks related to adverse changes in price. The Company attempts to manage these risks by hedging fixed price purchase and sale contracts and inventory through the use of futures and option contracts with the CBOT. The CBOT is a regulated commodity futures exchange that maintains futures markets for the grains merchandised by the Company. Futures prices are determined by worldwide supply and demand.

The Company's hedging program is designed to reduce the risk of changing commodity prices. In that regard, hedging transactions also limit potential gains from further changes in market prices. The Grain division's profitability is primarily derived from margins on grain sold, and revenues generated from other merchandising activities with its customers (including storage income), not from hedging transactions. The Company has policies that specify the key controls over its hedging program. These policies include description of the hedging programs, mandatory review of positions by key management outside of the trading function on a biweekly basis, daily position limits, daily review and reconciliation, modeling of positions for changes in market conditions and other internal controls.

Purchases of grain can be made the day the grain is delivered to a terminal or via a forward contract made prior to actual delivery. Sales of grain generally are made by contract for delivery in a future period. When the Company purchases grain at a fixed price, the purchase is hedged with the sale of a futures contract on the CBOT. Similarly, when the Company sells grain at a fixed price, the sale is hedged with the purchase of a futures contract on the CBOT. At the close of business each day, the open inventory ownership positions as well as open futures and option positions are marked-to-market. Gains and losses in the value of the Company's inventory positions due to changing market prices are netted with and generally offset by losses and gains in the value of the Company's futures positions.

When a futures contract is entered into, an initial margin deposit must be sent to the CBOT. The amount of the margin deposit is set by the CBOT and varies by commodity. If the market price of a futures contract moves in a direction that is adverse to the Company's position, an additional margin deposit, called a maintenance margin, is required by the CBOT. Subsequent price changes could require additional maintenance margin deposits or result in the return of maintenance margin deposits by the CBOT. Significant increases in market prices, such as those that occur when weather conditions are unfavorable for extended periods, can have an effect on the Company's liquidity and, as a result, require it to maintain appropriate short-term lines of credit. The Company may utilize CBOT option contracts to limit its exposure to potential required margin deposits in the event of a rapidly rising market.

The Company's grain operations rely on forward purchase contracts with producers, dealers and country elevators to ensure an adequate supply of grain to the Company's facilities throughout the year. Bushels contracted for future delivery at January 31, 2005 approximated 50.5 million, the majority of which is scheduled to be delivered to the Company for the 2004 and 2005 crop years (i.e., through September 2006). The Company relies heavily on its hedging program as the method for minimizing price risk in its grain inventories and contracts. The Company monitors current market conditions and may expand or reduce the purchasing program in response to changes in those conditions. In addition, the Company reviews its purchase contracts and the parties to those contracts on a regular basis for credit worthiness, defaults and non-delivery. The

Company’s loan agreements also require it to be substantially hedged in its grain transactions.

The Company has also developed the Crop Revenue Profiler® software program to assist producers in making complex risk management decisions. This software program integrates the variables of crop insurance and government programs with grain marketing alternatives to help producers achieve a more predictable result, reducing the impact of volatile crop prices. By helping producers achieve more stable earnings, the Company helps to ensure a consistent supply of grain to its facilities.

In January 2003, the Company became a minority investor in Lansing Grain Company LLC, which was formed in late 2002 with the contribution of substantially all the assets of Lansing Grain Company, a 73-year old grain trading business with offices in Michigan, Minnesota and Kansas. This investment provides the Company a further opportunity to expand outside of its traditional geographic regions. The Company holds an option to increase its investment in each of 2004 through 2008 with the potential of becoming the majority holder in 2008. In February 2004, the Company made an additional investment to increase its ownership from 15.1% to 21.9% and will make an additional investment in March 2005 to reach an ownership percentage of approximately 29%.

In October 2003, the Company began leasing and managing a grain elevator in Oakville, Indiana with a capacity of 3.5 million bushels. In January 2004, the Company completed the purchase of the inventories and grain contracts and subsequently, the purchase of the facility was completed in late January 2004.

The Company competes in the sale of grain with other grain merchants, other elevator operators and farmer cooperatives that operate elevator facilities. Competition is based primarily on price, service and reliability. Some of the Company’s competitors are also its customers and many of its competitors have substantially greater financial resources than the Company.

Recently, the Company announced its consideration of investment opportunities in the ethanol industry. Approximately 70% of the cost of manufacturing ethanol is its primary raw material – corn. The Company believes that it can successfully compete in this industry due to our long history of purchasing grain, managing grain contracts and inventories and ownership of some specific grain elevators that could be incorporated into ethanol production facilities. Several sites are under consideration at this time, including the possibility of constructing a 50 million gallon production facility on land we own adjacent to our Albion, Michigan elevator. We anticipate construction costs for this size facility of approximately $80 million and the Company expects that there would be investments made by one or more minority investors. Any construction project is subject to Board of Director approval.

The Board of Directors has already approved a 2005 investment of up to $1 million in Iroquois Bio-Energy Company, LLC, an ethanol plant beginning construction in 2005 near Rensselaer, Indiana. The Company will also act as the corn origination and provide risk management information to this facility and is actively pursuing similare opportunities at other facilities.

The Company is continuing its investigation into possible opportunities in the ethanol industry and may increase its involvement in 2005 through additional investments in stand-alone facilities, investments in holding companies or contracts to provide services to new or existing facilities.

If the proposed growth of the ethanol industry occurs, it could impact the Company's grain business in potentially significant ways. It is expected to increase demand for corn, with resulting higher prices and increased competition for corn. In certain situations, our grain business could be negatively impacted if there are new nearby ethanol plants constructed to compete for locally available corn. Conversely, providing grain origination services and distillers dried grain marketing services to the ethanol industry is a potential growth opportunitiy for our grain trading operations.

Grain sales make up approximately 70-80% of the total sales in the Agriculture Group. Approximately 50% of grain bushels purchased are done so using forward contracts. On the sell-side, approximately 90% of grain bushels sold are done so under forward contracts.

The Company's plant nutrient operations involve purchasing, storing, formulating and selling dry and liquid fertilizer to dealers and farmers; providing warehousing and services to manufacturers and customers; formulating liquid anti-icers and deicers for use on roads and runways; and distributing seeds and various farm supplies. Finally, the division has developed several other products for use in industrial applications within the coal and paper industries. The major fertilizer ingredients sold by the Company are nitrogen, phosphate and potash, all of which are readily available.

The Company's market area for its plant nutrient wholesale business includes major agricultural states in the Midwest, North Atlantic and South. States with the highest concentration of sales are also the states where the Company's facilities are located — Illinois, Indiana, Michigan and Ohio. Customers for the Company's fertilizer products are principally retail dealers. Sales of agricultural fertilizer products are heaviest in the spring and fall. The Plant Nutrient division's seven farm centers, located throughout Michigan, Indiana and Ohio, are located within the same regions as the Company's other agricultural facilities. These farm centers offer agricultural fertilizer, custom application of fertilizer, and chemicals, seeds and supplies to the farmer.

Storage capacity at the Company's fertilizer facilities, including its seven farm centers, was approximately 13.6 million cubic feet for dry fertilizers and approximately 35.3

million gallons for liquid fertilizers at December 31, 2004. The Company reserves 6.2 million cubic feet of its dry storage capacity for various fertilizer manufacturers and customers and 14.8 million gallons of its liquid fertilizer capacity is reserved for manufacturers and customers. The agreements for reserved space provide the Company storage and handling fees and are generally for an initial term of one year, renewable at the end of each term. The Company also leases 0.8 million gallons of liquid fertilizer capacity under arrangements with various fertilizer dealers and warehouses in locations where the Company does not have facilities.

In its plant nutrient businesses, the Company competes with regional and local cooperatives, fertilizer manufacturers, multi-state retail/wholesale chain store organizations and other independent wholesalers of agricultural products. Many of these competitors have considerably larger resources than the Company. Competition in the agricultural products business of the Company is based principally on price, location and service.

Sales of grain (corn, soybeans, wheat and oats) and merchandising revenues totaled $672.9 million, $704.6 million and $583.9 million in 2004, 2003 and 2002, respectively. Sales of dry and liquid fertilizers (primarily nitrogen, phosphate and potash) to dealers and related merchandising revenues totaled $198.7 million, $157.8 million and $138.8 million in 2004, 2003 and 2002, respectively. Sales of fertilizer, chemicals, seeds and supplies to farmers and related merchandising revenues totaled $37.9 million, $36.8 million and $39.6 million in 2004, 2003 and 2002, respectively.

Rail Group

The Company's Rail Group buys, sells, leases, rebuilds and repairs various types of used railcars and rail equipment. The Group also provides fleet management services to fleet owners and operates a custom steel fabrication business. A portion of the railcar fleet is leased from financial lessors and sub-leased to end-users, generally under operating leases which do not appear on the balance sheet. In addition, the Company also arranges non-recourse lease transactions under which it sells railcars or locomotives to a financial intermediary and assigns the related operating lease to the financial intermediary on a non-recourse basis. In such transactions, the Company generally provides ongoing railcar maintenance and management services for the financial intermediary, receiving a fee for these services. The Company generally holds purchase options on most railcars owned by financial intermediaries.

On February 12, 2004, the Company completed the acquisition of certain railroad rolling stock and leasing assets from Railcar Ltd. and Progress Rail Services Corporation, both of which are part of Progress Energy, Inc. These assets consisted of 6,700 railcars, 48 locomotives and contracts to manage an additional 2,400 railcars for third party investors, all of which are managed by the Company's Rail Group. The assets are owned primarily by several subsidiaries of TOP CAT Holding Co, a newly formed Limited Liability

Company (LLC) which is a wholly-owned subsidiary of the Company. Financing for the acquisition was provided by $86.4 million in non-recourse notes.

Of the 14,649 railcars and 118 locomotives that the Company managed at December 31, 2004, 9,225 units or 62%, were included on the balance sheet, primarily as long-lived assets. The remaining 5,468 railcars and 74 locomotives are either in off-balance sheet operating leases or non-recourse arrangements. The Company also managed approximately 1,600 railcars for third party investors or consumers at December 31, 2004.

The risk management philosophy of the Company includes match-funding of lease commitments and detailed review of lessee credit quality. Match-funding (in relation to rail lease transactions) means matching the terms between the lease with the customer and the funding arrangement with the financial intermediary. The TOP CAT Holding Company investment was not match-funded. Generally, the Company completes non-recourse transactions whenever possible to minimize credit risk. The Company strives to be the Total Rail Solutions℠ provider for its railcar customers. This service mark depicts our willingness to serve the customers' total railcar needs — including maintenance, car management, repairs, leasing, and all other railcar needs.

Competition for railcar marketing and fleet maintenance services is based primarily on service ability, and access to both used rail equipment and third party financing. Repair and fabrication shop competition is based primarily on price, quality and location.

Although the Company first managed a fleet of covered hopper cars used in the grain industry, it has diversified into other car types (boxcars, gondolas, open top hoppers and tank cars) and the markets in which they serve. In 2000, the Company added locomotives to the managed fleet. The Company plans to continue to diversify its fleet both in car types and industries and to build its fleet in 2005, which could include both owned and managed railcars and locomotives.

The construction of new railcars has been hampered by the high price of steel. The Company operates in the used car market – purchasing used cars and repairing and refurbishing them for specific markets and customers. The recent increase in demand for railcars has allowed the Company to place new leases or renew existing leases at higher rates and for longer terms. Additionally, the Company's two railcar repair shops located in Maumee, Ohio and Spartanburg, South Carolina, have been operating at high capacity doing both repair and reconfiguration work. The Company outsources all of its locomotive and a large part of its railcar maintenance needs.

Lease revenues and railcar sales in the Company's railcar marketing business were $53.9 million, $30.5 million and $14.3 million for 2004, 2003 and 2002, respectively. Sales in the railcar repair and fabrications shops were $5.4 million, $4.7 million and $4.4 million for 2004, 2003 and 2002, respectively.

Processing Group

The Processing Group produces and markets turf and ornamental plant fertilizer and control products. It also produces and distributes corncob-based products to the chemical carrier, pet and industrial markets.

The Company sells consumer fertilizer and control products, for "do-it-yourself" application, to mass merchandisers, small independent retailers and other lawn fertilizer manufacturers. The Company also performs contract manufacturing of fertilizer and control products in its industrial line of business. In an industrial arrangement, the Company is not responsible for direct marketing support of the mass merchandiser. Margins on industrial tons are, therefore, lower than margins on consumer tons. Professional lawn products are sold both directly and through distributors to golf courses under The Andersons Golf Products™ label and lawn service applicators.

The turf products industry is highly seasonal, with the majority of sales occurring from early spring to early summer. During the off-season, the Company sells ice melt products to many of the same customers that purchase consumer turf products. The Company holds a large share of the golf course tees and greens market in the United States and hopes to expand this market share through development of high-value proprietary products. Principal raw materials for the turf care products are nitrogen, phosphate and potash, which are purchased primarily from the Company's Plant Nutrient division. Competition is based principally on merchandising ability, logistics, service and quality. The Company attempts to minimize the amount of finished goods inventory it must maintain for customers, however, because demand is highly seasonal and influenced by local weather conditions, it may be required to carry inventory that it has produced into the next season. Also, because a majority of the consumer and industrial businesses use private label packaging, the Company closely manages production to anticipated orders by product and customer. This is consistent with industry practices.

Sales of turf and ornamental plant fertilizer and control products totaled $116.9 million, $123.5 million and $104.4 million in 2004, 2003 and 2002, respectively.

The Company is one of a limited number of processors of corncob-based products in the United States. These products serve the chemical and feed ingredient carrier, animal litter and industrial markets, and are distributed throughout the United States and Canada and into Europe and Asia. The principal sources for the corncobs are seed corn producers.

Sales of corncob and related products totaled $10.9 million, $10.5 million and $9.9 million in 2004, 2003 and 2002, respectively.

Retail Group

The Company's Retail Group consists of six stores operated as "The Andersons," which are located in the Columbus, Lima and Toledo, Ohio markets and serve urban, suburban and rural customers. The retail concept is "MORE FOR YOUR HOME"® and includes a full line of home center products plus a wide array of other items not available at the more traditional home center stores. In addition to hardware, home remodeling and lawn and garden products, The Andersons stores offer housewares, automotive products, sporting goods, pet products, bath soft goods and food (bakery, deli, produce, wine and specialty groceries). In 2005, the Company will open a meat market in its fifth store. These meat markets are operated by a third party and the Company earns a percentage commission on each sale. Each store carries more than 80,000 different items, has 100,000 square feet or more of in-store display space plus 40,000 or more square feet of outdoor garden center space, and features do-it-yourself clinics, special promotions and varying merchandise displays. The majority of the Company's non-perishable merchandise is received at a distribution center located in Maumee, Ohio.

The retail merchandising business is highly competitive. The Company competes with a variety of retail merchandisers, including home centers, department and hardware stores. Many of these competitors have substantially greater financial resources than the Company. The principal competitive factors are location, quality of product, price, service, reputation and breadth of selection. The Company's retail business is affected by seasonal factors with significant sales occurring in the spring and during the Christmas season.

The Company also operates a sales and service facility for outdoor power equipment near one of its conventional retail stores.

Sales of retail merchandise including commissions on third party sales totaled $178.7 million, $178.6 million and $181.2 million in 2004, 2003 and 2002, respectively.

Research and Development

The Company's research and development program is mainly involved with the development of improved products and processes, primarily for the Processing and Agriculture Groups. The Company expended approximately $650,000, $649,000, and $517,000 on research and development activities during 2004, 2003 and 2002, respectively.

Employees

At December 31, 2004 the Company had 1,224 full-time and 1,619 part-time or seasonal employees. The Company believes its relations with its employees are good.

Available Information

We make available free of charge on or through our Internet website our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. Our Company website is http://www.andersonsinc.com. These reports are also available at the SEC's website http://www.sec.gov.

Government Regulation

Grain sold by the Company must conform to official grade standards imposed under a federal system of grain grading and inspection administered by the United States Department of Agriculture ("USDA").

The production levels, markets and prices of the grains that the Company merchandises are materially affected by United States government programs, which include acreage control and price support programs of the USDA. Also, under federal law, the President may prohibit the export of any product, the scarcity of which is deemed detrimental to the domestic economy, or under circumstances relating to national security. Because a portion of the Company's grain sales is to exporters, the imposition of such restrictions could have an adverse effect upon the Company's operations.

The Company, like other companies engaged in similar businesses, is subject to a multitude of federal, state and local environmental protection laws and regulations including, but not limited to, laws and regulations relating to air quality, water quality, pesticides and hazardous materials. The provisions of these various regulations could require modifications of certain of the Company's existing plant and processing facilities and could restrict the expansion of future facilities or significantly increase the cost of their operations. The Company made capital expenditures of approximately $1,508,000, $1,440,000 and $690,000 in order to comply with these regulations in 2004, 2003 and 2002, respectively.

Item 2. Properties

The Company's principal agriculture, retail and other properties are described below. Except as otherwise indicated, the Company owns all properties.

Table of Contents

Agriculture Facilities

(in thousands) Location	Grain Storage (bushels)	Agricultural Fertilizer Dry Storage (cubic feet)	Agricultural Fertilizer Liquid Storage (gallons)
Maumee, OH (3)	21,940	4,500	2,878
Toledo, OH Port (4)	11,950	1,800	5,623
Metamora, OH	5,775	—	—
Toledo, OH (1)	980	—	—
Lyons, OH	350	—	—
Lordstown, OH	—	530	—
Gibsonburg, OH (2)	—	37	349
Fremont, OH (2)	—	40	271
Fostoria, OH (2)	—	40	210
Champaign, IL	12,730	833	—
Dunkirk, IN	7,800	833	—
Delphi, IN	7,060	923	—
Clymers, IN	4,720	—	—
Oakville, IN	3,450	—	—
Walton, IN (2)	—	435	8,690
Poneto, IN	—	10	5,284
Logansport, IN	—	83	3,652
Waterloo, IN (2)	—	992	1,656
Seymour, IN	—	720	943
North Manchester, IN (2)	—	25	211
Albion, MI	2,780	—	—
White Pigeon, MI	2,700	—	—
Webberville, MI	—	1,747	5,060
Litchfield, MI (2)	—	30	438
	82,235	13,578	35,265

(1) Facility leased.

(2) Facility is or includes a farm center.

(3) Includes leased facilities with a 3,800-bushel capacity.

(4) Includes leased facilities with a 5,400-bushel capacity.

The grain facilities are mostly concrete and steel tanks, with some flat storage, which is primarily cover-on-first temporary storage. The Company also owns grain inspection buildings and dryers, maintenance buildings and truck scales and dumps.

The Plant Nutrient Division’s wholesale fertilizer and farm center properties consist mainly of fertilizer warehouse and distribution facilities for dry and liquid fertilizers. The Maumee, Ohio; Seymour, Indiana; and Walton, Indiana locations have fertilizer mixing, bagging and bag storage facilities. The Maumee, Ohio; Webberville, Michigan;

Logansport, Indiana; Walton, Indiana and Poneto, Indiana locations also include liquid manufacturing facilities.

Retail Store Properties

Name	Location	Square Feet
Maumee Store	Maumee, OH	131,000
Toledo Store	Toledo, OH	130,000
Woodville Store (1)	Northwood, OH	100,000
Lima Store (1)	Lima, OH	117,000
Sawmill Store	Columbus, OH	134,000
Brice Store	Columbus, OH	128,000
Distribution Center (1)	Maumee, OH	245,000

(1) Facility leased.

The leases for the two stores and the distribution center are long-term operating leases with several renewal options and provide for minimum aggregate annual lease payments approximating $1.0 million. The two store leases provide for contingent lease payments based on achieved sales volume. One store had sales triggering payments of contingent rental each of the last three years. In addition, the Company owns a service and sales facility for outdoor power equipment adjacent to its Maumee, Ohio retail store.

Other Properties

In its railcar business, the Company owns, leases or manages for financial institutions 118 locomotives and 14,649 railcars (primarily covered or open hoppers with some boxcars, tank cars and gondolas). Future minimum lease payments for the railcars and locomotives are $56.7 million with future minimum contractual lease and service income of approximately $92.3 million for all railcars, regardless of ownership. Lease terms range from one to eight years. The Company also operates railcar repair facilities in Maumee, Ohio and Spartanburg, South Carolina, a steel fabrication facility in Maumee, Ohio, and owns or leases a number of switch engines, mobile repair units, cranes and other equipment.

The Company owns lawn fertilizer production facilities in Maumee, Ohio; Bowling Green, Ohio; and Montgomery, Alabama. It also owns corncob processing and storage facilities in Maumee, Ohio and Delphi, Indiana. The Company leases lawn fertilizer warehouse facilities in Toledo, Ohio; Montgomery, Alabama; and Pottstown, Pennsylvania.

The Company also owns an auto service center that is leased to its former venture partner. The Company's administrative office building is leased under a net lease expiring in 2015. The Company owns approximately 1,129 acres of land on which the above

properties and facilities are located and approximately 345 acres of farmland and land held for sale or future use.

Real properties, machinery and equipment of the Company were subject to aggregate encumbrances of approximately $60.1 million at December 31, 2004. Additionally, 6,367 railcars and 44 locomotives, purchased as part of the February 12, 2004 acquisition, are held in bankruptcy-remote entities collateralizing $74.4 million of non-recourse debt at December 31, 2004. Additions to property, including intangible assets but excluding railcar assets, for the years ended December 31, 2004, 2003 and 2002 amounted to $16.8 million, $11.7 million and $9.8 million, respectively. Additions to the Company's railcar assets (including railcars acquired as part of the 2004 business acquisition) totaled $127.7 million, $20.5 million and $8.2 million for the years ended December 31, 2004, 2003 and 2002, respectively. These additions were offset by sales and financings of railcars of $45.6 million, $16.7 million and $16.0 million for the same periods. See Note 10 to the Company's consolidated financial statements in Item 8 for information as to the Company's leases.

The Company believes that its properties, including its machinery, equipment and vehicles, are adequate for its business, well maintained and utilized, suitable for their intended uses and adequately insured.

Item 3. Legal Proceedings

Investigators from the U.S. and Ohio Environmental Protection Agencies and the U.S. District Attorney's office are looking into the purported possibility of an unauthorized discharge and / or a purported incident of failure to keep a record in connection with the purported discharge at the Company's Maumee, Ohio, fertilizer plant. Management is cooperating with the investigation and, although the investigation could lead to formal proceedings, has no reason to believe that any outcome should materially affect the Company's operations.

The Company is also cooperating with the City of Toledo, Ohio, Department of Public Utilities, Division of Environmental Services, which has issued a notice of alleged violation of certain City of Toledo Municipal code environmental regulations in connection with stormwater drainage from potentially contaminated soil at the Company's Toledo, Ohio, port facility. The Company has proposed a surface water drainage plan which, at the request of regulatory authorities, is being reviewed by outside consultants. Although this investigation could lead to additional proceedings, management has no reason to believe that the Company's proposed surface water drainage plan, if accepted, should materially affect the Company's operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were voted upon during the fourth quarter of fiscal 2004.

Item 4a. Executive Officers of the Registrant

The information under this Item 4A is furnished pursuant to Instruction 3 to Item 401(b) of Regulation S-K. The executive officers of The Andersons, Inc., their positions and age (as of February 28, 2005) are presented below.

Name	Position	Age	Year Assumed
Dennis J. Addis	President, Plant Nutrient Division, Agriculture Group	52	2000
	Vice President and General Manager, Plant Nutrient Division, Agriculture Group		1999
Daniel T. Anderson	President, Retail Group	49	1996
Michael J. Anderson	President and Chief Executive Officer	53	1999
	President and Chief Operating Officer		1996
Richard M. Anderson	President, Processing Group	48	1999
Richard P. Anderson	Chairman of the Board	75	1999
	Chairman of the Board and Chief Executive Officer		1996
Naran U. Burchinow	Vice President, General Counsel and Secretary	51	2005
	Formerly Operations Counsel, GE Commercial		2003
	Distribution Finance Corporate		1993
	Formerly General Counsel, ITT Commercial Finance Corporation and Deutsche Financial Services		
Dale W. Fallat	Vice President, Corporate Services	60	1992
Philip C. Fox	Vice President, Corporate Planning	62	1996
Charles E. Gallagher	Vice President, Human Resources	63	1996
Richard R. George	Vice President, Controller and CIO	55	2002
	Vice President and Controller		1996
Harold M. Reed	President, Grain Division	48	2000
	Vice President and General Manager, Grain Division, Agriculture Group		1999
Rasesh H. Shah	President, Rail Group	50	1999
Gary L. Smith	Vice President, Finance and Treasurer	59	1996

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The Common Shares of The Andersons, Inc. trade on the Nasdaq National Market under the symbol "ANDE." On February 28, 2005, the closing price for the Company's Common Shares was $31.6 per share. The following table sets forth the high and low bid prices for the Company's Common Shares for its four quarters in each of 2004 and 2003.

	2004		2003	
	High	Low	High	Low
Quarter Ended				
March 31	$ 20.00	$ 15.50	$ 13.00	$ 12.25
June 30	19.75	16.08	13.40	11.52
September 30	21.30	16.45	15.35	12.25
December 31	26.29	20.01	17.70	14.80

The Company's transfer agent and registrar is Computershare Investor Services, LLC, 2 North LaSalle Street, Chicago, IL 60602. Telephone 312-588-4991.

Shareholders

At February 28, 2005, there were 7.4 million common shares outstanding: 911 shareholders of record and approximately 2,700 shareholders for whom security firms acted as nominees.

Dividends

The Company has declared and paid 33 consecutive quarterly dividends since the end of 1996, its first year of trading. The Company paid $0.07 per common share in 2003 and $0.075 per common share for the dividends paid in January, April and July, 2004. In October 2004, the Company paid $0.08 per common share. On December 29, 2004, the Company announced a dividend of $0.08 per common share to be paid on January 24, 2005 to shareholders of record on January 1, 2005.

The Company's objective is to pay a quarterly cash dividend, however, dividends are subject to Board of Director approval and loan covenant restrictions.

Equity Plans

The following table gives information as of December 31, 2004 about the Corporation's Common Shares that may be issued upon the exercise of options under all of our existing equity compensation plans.

	Equity Compensation Plan Information		
Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	778,575(1)	$ 11.90	728,049(2)

(1) This number includes options (754,424) and restricted shares (24,151) outstanding under the Corporation's Amended and Restated Long-Term Performance Compensation Plan dated December 14, 2001. This number does not include any shares related to the Employee Share Purchase Plan. The Employee Share Purchase Plan allows employees to purchase common shares at the lower of the market value on the beginning or end of the calendar year through payroll withholdings. These purchases are completed as of December 31.

(2) This number includes 291,480 Common Shares available to be purchased under the Employee Share Purchase Plan.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no repurchases of common stock during 2004. The Company's Board of Directors approved the repurchase of 2.8 million shares for use in employee, officer and director stock purchase and stock compensation plans. Since the beginning of this repurchase program in 1996, the Company has purchased 2.1 million shares in the open market.

Item 6. Selected Financial Data

The following table sets forth selected consolidated financial data of the Company. The data for each of the five years in the period ended December 31, 2004 are derived from the consolidated financial statements of the Company. The data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and notes thereto included in Item 8.

(in thousands, except for per share and ratios and other data)

	For the years ended December 31				
	2004	**2003**	**2002**	**2001**	**2000**
Operating results					
Grain sales and revenues	**$ 672,906**	$ 704,574	$ 583,947	$ 475,953	$ 488,204
Fertilizer, retail & other sales	**602,367**	542,390	492,580	504,408	470,301
Total sales & revenues	**1,275,273**	1,246,964	1,076,527	980,361	958,505
Gross profit – grain	**52,680**	41,783	47,348	52,029	46,789
Gross profit – fertilizer, retail & other	**136,419**	122,311	115,753	108,722	111,393
Total gross profit	**189,099**	164,094	163,101	160,751	158,182
Other income / gains (a)	**4,973**	4,701	3,728	3,846	7,060
Equity in earnings (losses) of affiliates	**1,471**	347	13	(5)	9
Pretax income	**30,103**	17,965	16,002	11,931	14,364
Income before cumulative effect of change in accounting principle	**19,144**	11,701	10,764	9,042	10,078
Cumulative effect of change in accounting principle (net of tax)	**—**	—	3,480	(185)	—
Net income	**19,144**	11,701	14,244	8,857	10,078
Financial position					
Total assets	**572,789**	492,619	469,218	458,324	442,965
Working capital	**105,746**	89,532	81,755	75,228	55,260
Long-term debt (b)	**89,803**	82,127	84,272	91,316	80,159
Long-term debt, non-recourse (b)	**64,343**	—	—	—	—
Shareholders' equity	**133,876**	115,791	105,765	94,934	89,836
Cash flows / liquidity					
Cash flows from operations	**62,492**	44,093	23,249	(6,108)	(18,303)
Depreciation and amortization	**21,435**	15,139	14,314	14,264	13,119
Cash invested in acquisitions / investments in affiliates	**85,753**	1,182	—	—	16,311
Investments in property, plant & equipment	**13,201**	11,749	9,834	9,155	16,189
Net investment in (sale of) railcars (c)	**(90)**	3,788	(7,782)	6,414	12,424
EBITDA (e)	**62,083**	41,152	40,128	37,765	39,312
Per share data:					
Net income – basic	**2.64**	1.64	1.96	1.22	1.34
Net income – diluted	**2.55**	1.59	1.92	1.21	1.34
Dividends paid	**0.305**	0.28	0.26	0.26	0.24
Year-end market value	**25.50**	15.97	12.70	10.00	8.62
Ratios and other data					
Pretax return on beginning equity	**26.0%**	17.0%	16.9%	13.3%	16.9%
Net income return on beginning equity	**16.5%**	11.1%	15.0%	9.9%	11.9%
Funded long-term debt to equity ratio (d)	**0.7-to-1**	0.7-to-1	0.8-to-1	1.0-to-1	0.9-to-1
Weighted average shares outstanding (000's)	**7,246**	7,141	7,283	7,281	7,507
Effective tax rate	**36.4%**	34.9%	32.7%	24.2%	29.8%

Note: Prior years have been revised to conform to the 2004 presentation; these changes did not impact net income.

(a) Includes gains of $0.3 million in each of 2002 and 2001, and $2.1 million in 2000 for insurance settlements received. Also in 2000, a $1.0 million gain was recognized on the sale of a business.

(b) Excludes current portion of long-term debt.

(c) Represents the net of purchases of railcars offset by proceeds on sales of railcars.

In 2002, proceeds exceeded purchases. In 2004, cars acquired as described in Note 3 to the consolidated financial statements have been excluded from this number.

(d) Calculated by dividing long-term debt by total year-end equity as stated under "Financial position." Does not include non-recourse debt.

(e) Earnings before interest, taxes, depreciation and amortization, or EBITDA, is a non-GAAP measure. We believe that EBITDA provides additional information for investors and others in determining our ability to meet debt service obligations. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations as determined by generally accepted accounting principles, and EBITDA does not necessarily indicate whether cash flow will be sufficient to meet cash requirements. Because EBITDA, as determined by us, excludes some, but not all, items that affect net income, it may not be comparable to EBITDA or similarly titled measures used by other companies.

The following table sets forth (1) our calculation of EBITDA and (2) a reconciliation of EBITDA to our cash flow provided by operating activities.

(in thousands)	For the years ended December 31				
	2004	2003	2002	2001	2000
Income before cumulative effect of change in accounting principle	**$ 19,144**	$ 11,701	$ 10,764	$ 9,042	$ 10,078
Add:					
Provision for income taxes	**10,959**	6,264	5,238	2,889	4,286
Interest expense	**10,545**	8,048	9,812	11,570	11,829
Depreciation and amortization	**21,435**	15,139	14,314	14,264	13,119
EBITDA	**62,083**	41,152	40,128	37,765	39,312
Add/(subtract):					
Provision for income taxes	**(10,959)**	(6,264)	(5,238)	(2,889)	(4,286)
Interest expense	**(10,545)**	(8,048)	(9,812)	(11,570)	(11,829)
Gain on insurance settlements	**—**	—	(302)	(338)	(2,088)
Gain on disposal of property, plant & equipment and business	**(431)**	(273)	(406)	(336)	(1,027)
Realized & unrealized gains (losses) on railcars & related leases	**(2,855)**	(2,146)	(179)	1,172	(110)
Deferred income taxes	**3,184**	382	1,432	(539)	2,242
Changes in working capital, unremitted earnings of affiliates & other	**22,287**	19,290	(2,374)	(29,373)	(40,517)
Net cash provided by / (used in) operations	**$ 62,764**	$ 44,093	$ 23,249	$ (6,108)	$ (18,303)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

The following Management's Discussion and Analysis contains various "forward-looking statements" which reflect the Company's current views with respect to future events and financial performance. These forward-looking statements are subject to certain risks and uncertainties, including but not limited to those identified below, which could cause actual results to differ materially from historical results or those anticipated. The words "believe," "expect," "anticipate," "will" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking

statements, which speak only as of their dates. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The following factors could cause actual results to differ materially from historical results or those anticipated: weather; supply and demand of commodities including grains, fertilizer and other basic raw materials; market prices for grains and the potential for increased margin requirements; environmental and governmental policies; competition; economic conditions; risks associated with acquisitions; interest rates; and income taxes.

Critical Accounting Policies and Estimates

The process of preparing financial statements requires management to make estimates and judgments that affect the carrying values of the Company's assets and liabilities as well as the recognition of revenues and expenses. These estimates and judgments are based on the Company's historical experience and management's knowledge and understanding of current facts and circumstances. Certain of the Company's accounting policies are considered critical, as these policies are important to the depiction of the Company's financial statements and/or require significant or complex judgment by management. Note 2 of the consolidated financial statements in Item 8 more fully describes our significant accounting policies, however, following are those accounting policies that management considers most critical to the Company's financial statements.

Grain Inventories The Company marks to market all grain inventory, forward purchase and sale contracts for grain, and exchange-traded futures and options contracts. The grain inventories are freely traded, have quoted market prices, and may be sold without significant additional processing. Management estimates market value based on exchange-quoted prices, adjusted for differences in local markets. Changes in market value are recorded as merchandising revenues in the statement of income. If management used different methods or factors to estimate market value, amounts reported as inventories and merchandising revenues could differ. Additionally, if market conditions change subsequent to year-end, amounts reported in future periods as inventories and merchandising revenues could differ.

Because the Company marks to market inventories and sales commitments, gross profit on a grain sale transaction is recognized when a contract for sale of the grain is executed. The related revenue is recognized upon shipment of the grain, at which time title transfers and customer acceptance occurs.

Grain inventories contain valuation reserves established to recognize the difference in quality and value between contractual grades and actual quality grades of inventory held by the Company. These quality reserves also require management to exercise judgment.

Marketing Agreement The Company has negotiated a marketing agreement that covers certain of its grain facilities (certain of which are leased from Cargill). Under this five

year amended and restated agreement (ending in May 2008), the Company sells grain from these facilities to Cargill at market prices. Income earned from operating the facilities (including buying, storing and selling grain and providing grain marketing services to its producer customers) over a specified threshold is shared 50/50 with Cargill. Measurement of this threshold is made on a cumulative basis and cash is paid to Cargill (if required) at each contract year end. The Company recognizes its share of income to date at each month-end and accrues for any payment to Cargill in accordance with Emerging Issues Task Force Topic D-96, "Accounting for Management Fees Based on a Formula." The adoption of this standard, effective for periods beginning after January 1, 2002, resulted in a cumulative effect adjustment increase of $3.5 million after tax in 2002.

Derivatives — Commodity Contracts The Company utilizes regulated commodity futures and options contracts to hedge its market price exposure on the grain it owns and related forward purchase and sale contracts. These contracts are included in the balance sheet in inventory at their current market value. Realized and unrealized gains and losses in the market value of these futures and option contracts are included in the income statement as a component of sales and merchandising revenues. While the Company considers all of its commodity contracts to be effective economic hedges, the Company does not designate its commodity futures and options contracts as hedges. Therefore, the Company does not defer gains and losses on these same contracts as would occur for designated hedges under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." Both the underlying inventory and forward purchase and sale contracts and the related futures and options contracts are marked to market on a daily basis.

Impairment of Long-Lived Assets The Company's various business segments are each highly capital intensive and require significant investment in facilities and / or rolling stock. In addition, the Company has a limited amount of intangible assets and goodwill (described more fully in Note 4 to the Company's consolidated financial statements in Item 8) that it acquired in various business combinations. Whenever changing conditions warrant, we review the fair value of the tangible and intangible assets that may be impacted. We also annually review the balance of goodwill for impairment in the fourth quarter. These reviews for impairment take into account estimates of future undiscounted cash flows. Our estimates of future cash flows are based upon a number of assumptions including lease rates, lease terms, operating costs, life of the assets, potential disposition proceeds, budgets and long-range plans. While we believe the assumptions we use to estimate future cash flows are reasonable, there can be no assurance that the expected future cash flows will be realized. If management used different estimates and assumptions in its evaluation of these cash flows, the Company could recognize different amounts of expense in future periods.

Employee Benefit Plans The Company provides substantially all full-time employees with pension benefits and postretirement health care benefits. In order to measure the

expense and funded status of these employee benefit plans, management makes several estimates and assumptions, including interest rates used to discount certain liabilities, rates of return on assets set aside to fund these plans, rates of compensation increases, employee turnover rates, anticipated mortality rates and anticipated future healthcare cost trends. These estimates and assumptions are based on the Company's historical experience combined with management's knowledge and understanding of current facts and circumstances. The Company uses third-party specialists to assist management in measuring the expense and funded status of these employee benefit plans. If management used different estimates and assumptions regarding these plans, the funded status of the plans could vary significantly and then the Company could recognize different amounts of expense over future periods.

Certain accounting guidance, including the guidance applicable to pensions and postretirement benefits, does not require immediate recognition of the effects of a deviation between actual and assumed experience or the revision of an estimate. This approach allows the favorable and unfavorable effects that fall within an acceptable range to be netted. Although this netting occurs outside the basic financial statements, the net amount is disclosed as an unrecognized gain or loss in Note 11 to the Company's consolidated financial statements in Item 8. At December 31, 2004, we had an unrecognized loss related to our pension plans of $16.7 million compared to an unrecognized loss of $14.6 million at December 31, 2003. For the postretirement benefit plans, our December 31, 2004 unrecognized loss was $17.0 million as compared to an unrecognized loss of $16.8 million at December 31, 2003. A portion of the December 31, 2004 unrecognized loss for both pension and postretirement benefits will be amortized into earnings in 2005. The effect on years after 2005 will depend in large part on the actual experience of the plans in 2005 and beyond. In 2004, benefits expense included $1.0 million and $0.9 million of amortization of the unrecognized loss existing at December 31, 2003 for the pension and postretirement plans, respectively.

Revenue Recognition The Company recognizes revenue for the sales of its products at the time of shipment. Gross profit on sales of grain is recognized when sales contracts are entered into as the Company marks its contracts to the market on a daily basis. Revenues from other merchandising activities are recognized as open grain contracts are marked-to-market or as related services are provided. Rental revenues on operating leases are recognized on a straight-line basis over the term of the lease. Sales returns and allowances, if required, are provided for at the time sales are recorded. Shipping and handling costs are included in cost of sales.

The Company sells railcars to financial intermediaries and other customers. Proceeds from railcar sales, including railcars sold in non-recourse transactions, are recognized as revenue at the time of sale if there is no leaseback or the operating lease is assigned to the buyer, non-recourse to the Company. Revenue on operating leases (where the Company is the lessor) and on servicing and maintenance contracts in non-recourse transactions is recognized over the term of the lease or service contract.

Leasing activities The Company accounts for its leasing activity in accordance with FASB Statement No. 13, as amended, and related pronouncements. The Company's Rail segment leases and manages railcars for third parties and leases railcars for internal use. Most leases to Rail segment customers are structured as operating leases. Railcars leased by the Company to its customers are either owned by the Company, leased from financial intermediaries under operating leases or leased from financial intermediaries under capital leases. The leases from financial intermediaries are generally structured as sale-leaseback transactions. Lease income and lease expense are recognized on a straight-line basis over the term of the lease for most leases.

As part of its acquisition of railroad rolling stock and leasing assets from Progress Energy and subsidiaries, the Company acquired some existing leases where the monthly lease fee is contingent upon some measure of usage ("per diem" leases). This monthly usage is tracked, billed and collected by third party service providers and funds are generally remitted to the company along with usage data three months after they are earned. The Company records lease revenue for these per diem arrangements based on recent historical usage patterns and records a true up adjustment when the actual data is received. Revenues recognized under per diem arrangements totaled $8.4 million in 2004. There were no per diem arrangements prior to 2004.

The Company periodically finances some of its railcars through leases with a financial intermediary, the terms of which require the Company to capitalize the assets and record the net present value of the lease obligation on its balance sheet as a long-term borrowing. There are no gains or losses on these financing transactions. The obligation is included with the Company's long-term debt as described in Note 7 to the consolidated annual financial statements in Item 8. Railcars under these leases are being depreciated to their residual value over the term of the lease.

The Company also arranges non-recourse lease transactions under which it sells railcars or locomotives to financial intermediaries and assigns the related operating lease on a non-recourse basis. The Company generally provides ongoing railcar maintenance and management services for the financial intermediaries, and receives a fee for such services when earned. On the date of sale, the Company recognizes the proceeds from sales of railcars in non-recourse lease transactions as revenue. Management and service fees are recognized as revenue as the underlying services are provided, which is generally spread evenly over the lease term.

Taxes Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in determining our annual tax rate and in evaluating our tax positions. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions are likely to be challenged and that we may not prevail. We adjust these reserves in light of changing

facts and circumstances, such as the progress of a tax audit. An estimated effective tax rate for a year is applied to our quarterly operating results. In the event there is a significant or unusual item recognized in our quarterly operating results, the tax attributable to that item is separately calculated and recorded at the same time as that item.

New Accounting Standard In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 123 (Revised 2004), "Share-Based Payment.”. This standard requires expensing of stock options and other share-based payments and supersedes SFAS No. 123, which had allowed companies to choose between expensing stock options or showing pro forma disclosure only. The standard is effective for the Company as of July 1, 2005 and will apply to all awards granted, modified, cancelled or repurchased after that date as well as the unvested portion of prior awards. The Company is currently evaluating the provisions of this standard and will begin expensing stock options in the third quarter of 2005. For 2004, pro forma disclosure in Note 2 to the consolidated financial statements in Item 8 showed a decrease in diluted earnings per share of $0.04 which was calculated using the Black-Scholes option valuation model. While this may approximate the full year impact of adoption of this standard, the Company has not finalized its decision on the valuation model and has proposed a new long-term compensation plan to its shareholders which could result in a different annual impact upon adoption.

In November 2004, FASB issued SFAS No. 151, "Inventory Costs – an Amendment of ARB No. 43, Chapter 4.’’ This standard provides clarification that abnormal amounts of idle facility expense, freight, handling costs, and spoilage should be recognized as current-period charges. Additionally, this standard requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of this standard are effective for inventory costs incurred during fiscal years beginning after June 15, 2005. This standard does not have a material impact to the Company’s financial statements.

Operating Results

The following discussion focuses on the operating results as shown in the consolidated statements of income. Following are tables (in thousands) highlighting sales and merchandising revenues, gross profit and operating income by segment. Additional segment information is included in Note 13 to the Company’s consolidated financial statements in Item 8.

Sales and merchandising revenues	2004	2003	2002
Agriculture	$ 909,480	$ 899,174	$ 762,268
Rail	59,283	35,200	18,747
Processing	127,814	134,017	114,315
Retail	178,696	178,573	181,197
Total	$ 1,275,273	$ 1,246,964	$ 1,076,527

Gross profit	2004	2003	2002
Agriculture	$ 87,372	$ 76,706	$ 80,632
Rail	28,793	13,626	8,718
Processing	21,503	23,367	22,876
Retail	51,431	50,395	50,875
Total	$ 189,099	$ 164,094	$ 163,101

Operating income (loss)	2004	2003	2002
Agriculture	$ 21,302	$ 13,868	$ 15,154
Rail	10,986	4,062	1,563
Processing	(144)	1,022	(1,322)
Retail	2,108	3,413	4,003
Other	(4,149)	(4,400)	(3,396)
Total	$ 30,103	$ 17,965	$ 16,002

Comparison of 2004 with 2003

Sales and merchandising revenues for 2004 totaled $1.3 billion, an increase of $28.3 million, or 2%, from 2003. Sales in the Agriculture Group were up $1.5 million, or less than 1%. Grain sales decreased $41.0 million resulted from a 7% decrease in the average price of bushels sold partially offset by a 1% volume increase. Corn volume and price per bushel increased but volume in soybeans, wheat and oats declined. In both 2004 and 2003, grain expected to ship in the following calendar year was shipped in the fourth quarter. This occurred because of increased demand and / or market prices favoring sales rather than storage of grain. Fertilizer sales were up $42.5 million, or 23%, due to an 11% increase in the average price per ton sold and an 11% increase in volume. Much of the price increase relates to escalation in prices of the basic raw materials, primarily potassium and nitrogen. Generally, these increases can be passed through to customers although a price increase may also reduce consumer demand at the producer level. Revenues in both grain and fertilizer businesses are significantly impacted by the market price of the commodities being sold.

Merchandising revenues in the Agriculture Group were up $8.8 million, or 29%, due primarily to increased space income (before interest charges) in the Grain division. Space income is income earned on grain held for our account or for our customers and includes storage fees earned and appreciation or depreciation in the value of grain owned. Grain

on hand at December 31, 2004 was 67.1 million bushels, of which 14.5 million bushels were stored for others. This compares to 56.1 million bushels on hand at December 31, 2003, of which 17.3 million bushels were stored for others.

The 2004 harvest results were strong in the Company's market area for both corn and soybeans. Corn production in Ohio, Indiana, Illinois and Michigan exceeded the 2003 production by 13% and soybean production in the same states exceeded 2003 production by 33%. Although the wheat production for 2004 was down 10% as compared to 2003, it exceeded the Company's initial expectations. The Company received more grain in 2004 than 2003 for all grain types. Despite this strong harvest, demand continued and the Company was able to sell grain throughout the fourth quarter, some of which was expected to be sold in the first quarter of 2005. Winter wheat acres planted in 2004 for harvest in 2005 are down 15%. The Company doesn't expect the 2004 crop volume to be repeated in 2005, however, with good weather during the spring planting season, it could still be a very good year.

The Company has also announced that it is considering construction of a 50 million gallon-per-year ethanol production facility. One of the possible sites is adjacent to its Albion, Michigan grain facility. Cost to construct this facility could approximate $80 million and the Company expects investment by one or more minority investors. Any project is subject to Board approval. The Company is looking at several other possibilities to gain entry into the ethanol industry and has Board of Director approval to invest up to $1 million in Iroquois Bio-Energy LLC, which expects to begin construction on an ethanol production facility in the Spring of 2005. The Company also holds a contract for corn origination and risk management services for this proposed facility.

The Company is continuing its investigation into possible opportunities in the ethanol industry and may increase its involvement in 2005 through additional investments in stand-alone facilities, investments in holding companies or contracts to provide services to new or existing facilities.

If the proposed growth of the ethanol industry occurs, it could impact the Company's grain business in potentially significant ways. It is expected to increase demand for corn, with resulting higher prices and increased competition for corn. In certain situations, our grain business could be negatively impacted if there are new nearby ethanol plants constructed to compete for locally available corn. Conversely, providing grain origination services and distillers dried grain marketing services to the ethanol industry is a potential growth opportunitiy for our grain trading operations.

The Rail Group had a $24.1 million, or 68% increase in sales. Lease fleet income increased $30.2 million, $21.6 million of which was from the large railcar acquisition completed in February 2004. Sales of railcars and related leases decreased $6.8 million and the remainder of the increase resulted from a $0.7 million increase in revenue in the repair and fabrication shops. Railcars under management at December 31, 2004 were

14,649 compared to 6,291 under management at December 31, 2003. Locomotives under management were 118 at December 31, 2004 and 74 at December 31, 2003. The railcar utilization (railcars in lease service) rate was 92% at both December 31, 2004 and December 31, 2003 in spite of the significant increase in railcars and locomotives.

Demand for railcars continued to strengthen in 2004 and high steel prices have limited new car construction. Continual lease renewals for higher monthly rates and longer terms position this segment well for continued growth. The Company plans to continue its investment in railcars and fleet management services in 2005.

The Processing Group had a $6.2 million, or 5%, decrease in sales and merchandising revenues resulting primarily from an overall 8% decrease in volume partially offset by a 4% increase in the average price per ton sold. In the professional lawn business, serving the golf course and lawn care operator markets, volume was down 6% and sales were down 5%, primarily due to reduced demand in the golf course market. Pressure on golf course profitability, coupled with some low-price competition has reduced demand for premium golf course fertilizers. In the consumer and industrial lawn businesses, where we serve as contract manufacturer for several large “brand” companies, a manufacturer of private label products and also manufacture our own brands, volume was down 15% and sales down 5%.

This industry continues to operate with excess manufacturing capacity and some of the Company’s customers have struggled with their own programs. Because of this excess capacity, the Company decided in the fourth quarter of 2004 to close-down a small (five employee) manufacturing operation in a leased facility in Pennsylvania. The facility will continue to be used for warehousing and distribution through the current lease term which ends in the fourth quarter of 2005. The cob business, a much smaller component of the Processing Group, had a 3% increase in sales primarily due to an 11% increase in volume.

Same-store sales and revenues in the Retail Group were flat in 2004 as compared to 2003. Individual store results were mixed; however, the Columbus market again showed improvement. As expected, sales in the Toledo market were down due to significant new competition from national “Big Box” retailers. January 2005 results were positive and showed increased sales, however, this business continues to be faced with continued competition in its primary markets by competitors of significant size.

Gross profit for 2004 totaled $189.1 million, an increase of $25.0 million, or 15%, from 2003. The Agriculture Group had a $10.7 million, or 14%, increase in gross profit. Gross profit in the Grain division totaled $52.7 million, an increase of $10.9 million, or 26% resulting primarily from the increased merchandising revenues mentioned previously along with a $1.6 million increase in gross profit on grain sales. The Plant Nutrient division recognized a decrease in gross profit of $0.2 million, primarily due to a

significant increase in cost per ton that couldn’t be fully recouped through increased prices.

Gross profit in the Rail Group increased $15.2 million, or 111%. This increase included $15.3 million in increased lease fleet income ($12.4 million on the newly acquired fleet), a $0.6 million increase in gross profit on car sales, and a $0.7 million reduction in gross profit in the railcar repair and fabrication shops. Lease fleet income is gross lease (rent) and fleet management income less direct costs of cars leased to customers (rental expense or depreciation, property taxes and maintenance).

Gross profit for the Processing Group in 2004 decreased $1.9 million, or 8%, when compared to 2003. Although there was a slight increase in gross profit per ton, the significant decrease in volume in the lawn businesses resulted in the overall decrease. The majority of the decreased gross profit occurred in the consumer / industrial lawn business. Gross profit in the cob business was flat from 2003 to 2004.

Gross profit in the Retail Group increased $1.0 million, or 2%, from 2003. This was due to a modest increase in margins, as a result of changes in the mix of products sold on flat sales.

In 2004, the Company recognized $1.5 million of equity in earnings of unconsolidated subsidiaries, most notably Lansing Grain LLC. This was a significant increase from the 2003 amount of $0.3 million and resulted both from increased performance of unconsolidated subsidiaries as well as an increase in the percentage owned by the Company from 15.1% to 21.9%.

Operating, administrative and general expenses for 2004 totaled $154.9 million, an $11.8 million increase from 2003. Included in this increase is $4.5 million related to growth in the Rail and Agriculture Groups. The remaining $7.3 million increase is 5% higher than 2003 and represents a variety of cost increases, most notably $1.9 million in increased retirement and health care benefits expense, $1.4 million in professional services costs relating to compliance with the Sarbanes-Oxley Act, and $2.8 million in additional labor and performance incentives. A portion of the additional labor was related to additional staffing to support the ongoing requirements of the Sarbanes-Oxley act.

The Company expects continued increases in retirement and health care benefits expense into 2005 based on known changes in actuarial assumptions and health care claims inflation. The Company is continuing to evaluate its benefit programs and look for opportunities to provide competitive benefits at a reasonable cost.

Interest expense for 2004 was $10.5 million, a $2.5 million, or 31%, increase from 2003. Average daily short-term borrowings for 2004 were down 17.5% when compared to 2003 while the average short-term interest rate decreased from 2.1% for 2003 to 1.9% for 2004.

Long-term interest expense increased 53% for the same period and relates primarily to the significant increase in long-term debt incurred to complete the railcar acquisition.

As a result of the above, pretax income of $30.1 million for 2004 was 68% higher than the pretax income of $18.0 million in 2003. Income tax expense of $11.0 million was recorded in 2004 at an effective rate of 36.4%. In 2003, income tax expense of $6.3 million was recorded at an effective rate of 34.9%. The increase in effective tax rates between 2003 and 2004 resulted primarily from an increase in state income taxes and a slight reduction in the Extraterritorial Income ("ETI") exclusion.

In October 2004, the American Jobs Creation Act was enacted. Two provisions of this Act will impact the Company's 2005 effective tax rate. The Act repealed the Extraterritorial Income regime for transactions entered into after December 31, 2004, subject to a phase-out that allows the Company to claim 80% of the normal ETI benefit in 2005. In addition, the Act provides for a tax deduction for certain domestic production activities. The deduction for 2005 is equal to 3% of the lesser of: (a) taxable income derived from qualified production activities or (b) total taxable income for the year. The impact of these provisions will be reflected in the 2005 first quarter effective tax rate.

The 2004 net income of $19.1 million was $7.4 million higher than the 2003 net income of $11.7 million. Basic earnings per share of $2.64 increased $1.00 from 2003 and diluted earnings per share of $2.55 increased $0.96 from 2003.

Comparison of 2003 with 2002

Sales and merchandising revenues for 2003 totaled $1.2 billion, an increase of $170.4 million, or 16%, from 2002. Sales in the Agriculture Group were up $143.1 million, or 20%. Increased grain sales of $126.9 million included both a 4% volume increase and an 18% increase in the average price of bushels sold. All grains, except oats, showed price per bushel increases and bushel volume was up for all grains except wheat. In both 2003 and 2002, grain expected to ship in the following calendar year was shipped in the fourth quarter. This occurred because of increased demand and / or market prices favoring sales rather than storage of grain. Fertilizer sales were up $16.2 million, or 9%, due to a 9% increase in the average price per ton sold on flat volumes. A portion of the price increase relates to increases in natural gas prices, a basic raw material in the manufacture of nitrogen and urea which are key products used by the Plant Nutrient division. Generally, this increase can be passed through to customers although a price increase may also reduce consumer demand at the producer level. Revenues in both grain and fertilizer businesses are significantly impacted by the market price of the commodities being sold.

Merchandising revenues in the Agriculture Group were down $6.2 million, or 17%, due to decreases in space income (before interest charges) in the Grain division. Space income is income earned on grain held for our account or for our customers and includes storage fees earned and appreciation or depreciation in the value of grain owned.

Grain on hand at December 31, 2003 was 56.1 million bushels, of which 17.3 million bushels were stored for others. Total grain bushels on hand throughout 2003 averaged approximately 46.0 million bushels due to the reduced harvest in 2002. This compares to 56.3 million bushels on hand at December 31, 2002, of which 13.4 million bushels were stored for others.

The results of the 2003 harvest were strong in the Company's market area. Due to the strong demand, however, bushels shipped nearly matched the bushels received and resulted in no net increase in bushels. Wheat acres planted in 2003 for harvest in 2004 are down slightly from last year due to the wet and delayed 2003 harvest. Corn acres are expected to increase in 2004 due to the current higher corn prices. This increase will come at the expense of bean acres. The higher grain prices may favorably impact the fertilizer demand for the same period. However, poor weather during the spring planting season may unfavorably impact the amount of corn and soybean acreage planted during that time.

The Rail Group had a $16.5 million, or 88% increase in sales. Sales of railcars and related leases made up $15.4 million of this increase and the remainder of the increase resulted from a $0.9 million increase in revenue generated by the leased fleet and a $0.2 million increase from increased activity in the repair and fabrication shops. There were no significant sales of railcars in 2002. Railcars under management at December 31, 2003 were 6,291 compared to 5,699 under management at December 31, 2002. Locomotives under management were 74 at December 31, 2003 and 51 at December 31, 2002. The railcar utilization (railcars in lease service) rate increased from 85% at December 31, 2002 to 92% at the end of December 2003.

The Processing Group had a $19.7 million, or 17%, increase in sales and merchandising revenues resulting primarily from an overall 13% increase in volume plus a 6% increase in the average price per ton sold. In the professional lawn business, serving the golf course and lawn care operator markets, volume was up 15% and sales up 16%, primarily due to increased market share. In the consumer and industrial lawn businesses, where we serve as contract manufacturer for several large "brand" companies, a manufacturer of private label products and also manufacture our own brands, volume was up 13% and sales up 22%. A portion of this increase relates to a new line of products that we began manufacturing for a major marketer in late 2002. The cob business, a much smaller component of the Processing Group, had a 7% increase in sales primarily due to a 6% increase in volume.

The Retail Group had a 1.4% decrease in same-store sales and revenues in 2003 as compared to 2002. Individual store results were mixed, however, the Columbus markets showed increases for the third straight year. As expected, sales in the Toledo market were down due to significant new competition as well as disruption in one of the three Toledo-area stores created when the store was completely redesigned. Four of the six stores now have a fresh meat counter. This business is managed by a third party and the

Company earns commissions on sales of fresh meat; these commissions have been included in merchandising revenues.

Gross profit for 2003 totaled $164.1 million, an increase of $1.0 million, or less than 1%, from 2002. The Agriculture Group had a $3.9 million, or 5%, decrease in gross profit, in spite of the significant increase in revenues mentioned previously. Gross profit in the Grain division totaled $41.8 million, a decrease of $5.5 million, or 12%, resulting primarily from the $6.2 million decrease in merchandising revenues mentioned previously, partially offset by a $0.7 million increase in gross profit on grain sales. The Plant Nutrient division recognized an increase in gross profit of $1.6 million, primarily due to a 5% increase in gross profit per ton.

Gross profit in the Rail Group increased $4.9 million, or 56%. A portion of this increase, $2.1 million, was gross profit related to the sale of cars and lease receivables. The railcar and fabrication shops had increased gross profit of $2.9 million related to the manufacture and / or installation of railcar components. The lease fleet income was down $0.1 million in spite of the increased fleet size and utilization percentage. Railcars that are coming off long-term leases are renewing at market rates which may be lower than the previous lease rates. The multi-year low lease rate environment has continued in the rail industry, although certain car types have seen improvements in 2003. In 2002, the Company recorded an impairment charge of $0.3 million on railcars assets leased to others. There was no impairment charge in 2003.

Gross profit for the Processing Group in 2003 increased $0.5 million, or 2%, when compared to 2002. In spite of a 13% increase in volume, increased costs reduced the gross profit per ton by 9%. The consumer and industrial lawn businesses had increased gross profit, but the professional lawn business and cob business both realized decreases. A portion of this increased cost represents the increasing cost of nitrogen and other raw materials that aren’t easily passed on to customers during an annual program.

Gross profit in the Retail Group decreased $0.5 million, or 1%, from 2002. This was due to the decrease in sales discussed previously, partially offset by a modest increase in margins, as a result of changes in the mix of products sold.

The Company recorded a gain of $0.3 million in 2002 related to an insurance recovery.

Operating, administrative and general expenses for 2003 totaled $143.1 million, a $2.1 million increase from 2002. Full-time employees were approximately equal to 2002, however, labor expense increased $1.0 million, or 1%. Benefit costs rose 3% due to the increased cost of providing pension and health care benefits to current and former employees. Other significant increases were realized in utilities, reflecting the high cost of natural gas, and the need to dry a wet 2003 corn crop and professional and contract services, reflecting additional expense relating to external legal fees, accounting and audit

services and corporate governance expenses. Some of the professional and contract services increase was related to acquisition activity.

Interest expense for 2003 was $8.0 million, a $1.8 million, or 18%, decrease from 2002. Average daily short-term borrowings for 2003 were up 1% when compared to 2002 while the average short-term interest rate decreased from 3.2% for 2002 to 2.1% for 2003. Long-term interest expense decreased 11% for the same period.

As a result of the above, pretax income of $18.0 million for 2003 was 12% higher than the pretax income of $16.0 million in 2002. Income tax expense of $6.3 million was recorded in 2003 at an effective rate of 34.9%. In 2002, income tax expense of $5.2 million was recorded at an effective rate of 32.7%. The increase in effective tax rates between 2002 and 2003 resulted primarily from an increase in state income taxes.

In 2002, the Company recorded a cumulative effect adjustment upon the adoption of EITF Topic D-96 ($3.5 million after tax). This cumulative effect adjustment reversed the December 31, 2001 balance of $5.4 million of deferred income that, under EITF Topic D-96, the Company earned as of January 1, 2002.

The 2003 net income of $11.7 million was $2.5 million lower than the 2002 net income of $14.2 million. Basic earnings per share of $1.64 decreased $0.32 from 2002 and diluted earnings per share of $1.59 decreased $0.33 from 2002.

Liquidity and Capital Resources

The Company's operations provided cash of $62.5 million in 2004, an increase of $18.4 million from 2003. Short-term borrowings used to fund these operations decreased $35.9 million from December 31, 2003. Net working capital at December 31, 2004 was $105.7 million, an increase of $16.2 million from December 31, 2003.

The Company has significant short-term lines of credit available to finance working capital, primarily inventories and accounts receivable. In November 2002, the Company entered into a borrowing arrangement with a syndicate of banks. This borrowing arrangement was amended and renewed in the third quarter of 2004. The agreement provides the Company with $100 million in short-term lines of credit and an additional $100 million in a three-year line of credit. In addition, the amended agreements include a flex line allowing the Company to increase the available short-term line by $50 million. The short-term line was temporarily increased to $240 million in the second quarter in response to business needs. At July 1, 2004, the available credit lines were reduced back to $200 million. Prior to the syndication agreement, the Company managed several separate short-term lines of credit. The Company had drawn $12.1 million on its short-term line of credit at December 31, 2004. Peak short-term borrowing during 2004 was $188.5 million on April 8, 2004. There were also periods in 2004 when the Company had no short-term lines of credit outstanding. Typically, the Company's highest borrowing occurs in the spring due to seasonal inventory requirements in the fertilizer and

retail businesses, credit sales of fertilizer and a customary reduction in grain payables due to the cash needs and market strategies of grain customers.

The Company utilizes interest rate contracts to manage a portion of its interest rate risk on both its short and long-term debt and lease commitments. At December 31, 2004, the fair value of these derivative financial instruments recorded in the balance sheet (primarily interest rate swaps and interest rate caps) was a net asset of $0.1 million.

Quarterly cash dividends of $0.075 and $0.07 per common share were paid in 2004 and 2003, respectively except for the fourth quarter of 2004 where a dividend of $0.08 was paid. A cash dividend of $0.08 per common share was paid on January 24, 2005. The Company made income tax payments of $7.1 million in 2004. During 2004, the Company issued approximately 151 thousand shares to employees and directors under its share compensation plans.

Total capital spending for 2004 on property, plant and equipment was $13.2 million and only the acquisition of the Oakville, Indiana grain facility completed in the first quarter of 2004 and an upgrade of information systems exceeded $0.5 million each. The remaining amount was spent on numerous assets and projects with no single project costing more than $0.5 million.

In addition to the spending on conventional property, plant and equipment, the Company spent $45.8 million in 2004 for the purchase of railcars and capitalized modifications on railcars for use in its Rail Group and sold or financed $45.6 million of railcars during 2004. The $45.8 million of railcars purchased is in addition to the significant railcar purchase described in Note 3 to the consolidated financial statements in Item 8 where the Company purchased approximately 6,700 railcars and 48 locomotives in a fleet acquisition completed in February 2004 for $83.7 million plus $1.4 million in transaction costs. As part of this acquisition, the Company also acquired management contracts for an additional 2,400 railcars owned by third-party investors. The majority of the acquired railcars are in lease service. To finance the transaction, $86.4 million of securitized debt was issued by the special purpose entities which are subsidiaries. This debt is recourse only to the special purpose entities and is not guaranteed by the Company. Subsequent to its February issuance, the Company repaid $12 million of this non-recourse debt.

The Company increased its investment in Lansing Grain Company, LLC (“LGC”) in February 2004 by $0.7 million. The Company now owns approximately 21.9% of the equity and accounts for it using the equity method. The Company also holds an option to increase its investment in each of 2005-2008 with the potential of attaining majority ownership in 2008. In early March 2005, the Company invested approximately $0.9 million for an additional 7% of the equity of LGC for a total ownership of approximately 29.1%.

Certain of the Company's long-term borrowings include provisions that impose minimum levels of working capital and equity, impose limitations on additional debt and require that grain inventory positions be substantially hedged. The Company was in compliance with all of these provisions at December 31, 2004. In addition, certain of the Company's long-term borrowings are secured by first mortgages on various facilities or are collateralized by railcar assets. Additional long-term debt financing of $7.5 million was obtained in the second quarter and the Company pledged, as collateral, the grain facility that it acquired in Oakville, Indiana in the first quarter of 2004 along with other grain facilities. The new long-term debt obtained as part of the railcar acquisition described earlier is securitized by the assets held by three wholly-owned bankruptcy-remote entities.

Because the Company is a significant consumer of short-term debt in peak seasons and the majority of this is variable rate debt, increases in interest rates could have a significant impact on the profitability of the Company. In addition, periods of high grain prices and / or unfavorable market conditions could require the Company to make additional margin deposits on its CBOT futures contracts. Conversely, in periods of declining prices, the Company receives a return of cash. The marketability of the Company's grain inventories and the availability of short-term lines of credit enhance the Company's liquidity. In the opinion of management, the Company's liquidity is adequate to meet short-term and long-term needs.

Contractual Obligations

Future payments due under contractual obligations at December 31, 2004 are as follows:

Contractual Obligations (in thousands)	**Payments Due by Period** Less than 1 year	1-3 years	3-5 years	After 5 years	Total
Long-term debt	$ 5,607	$ 19,425	$ 33,526	$ 33,778	$ 92,336
Long-term debt non-recourse	10,063	19,250	18,000	27,093	74,406
Capital lease obligations	398	2,902	172	—	3,472
Operating leases	13,890	23,303	18,294	20,057	75,544
Purchase commitments (a)	144,738	9,664	140	—	154,542
Other long-term liabilities (b)	3,874	2,584	2,490	—	8,948
Total contractual cash obligations	$ 178,570	$ 77,128	$ 72,622	$ 80,928	$ 409,248

(a) Includes the value of purchase obligations in the Company’s operating units, including $134.1 million for the purchase of grain from producers. There are also forward grain sales contracts to consumers and traders and the net of these forward contracts are offset by exchange-traded futures and options contracts. See narrative description of business for the Agriculture Group in Item 1 for further discussion.

(b) Other long-term liabilities include estimated obligations under our retiree healthcare programs and the estimated 2005 contribution to our defined benefit pension plan. Obligations under the retiree healthcare programs are not fixed commitments and will vary depending on various factors, including the level of participant utilization and inflation. Our estimates of postretirement payments through 2009 have considered recent payment trends and actuarial assumptions. We have not estimated pension contributions beyond 2005 due to the significant impact that return on plan assets and changes in discount rates might have on such amounts.

Included in long-term debt are acquisition liabilities that include minimum royalty payments. There are additional contingent sales-based royalty payments that have not triggered to date and which are not expected to be material to the Company if they trigger in the future. The royalty period ends May 2005.

The Company had standby letters of credit outstanding of $20.3 million at December 31, 2004, of which $8.3 million are credit enhancements for industrial revenue bonds included in the contractual obligations table above.

Approximately 75% of the operating lease commitments above relate to 4,288 railcars and 30 locomotives that the Company leases from financial intermediaries. See the following section on Off-Balance Sheet Transactions.

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The Company is subject to various loan covenants as highlighted previously. Although the Company is and has been in compliance with its covenants, noncompliance could result in default and acceleration of long-term debt payments. The Company does not anticipate noncompliance with its covenants.

Off-Balance Sheet Transactions

The Company's Rail Group utilizes leasing arrangements that provide off-balance sheet financing for its activities. The Company leases railcars from financial intermediaries through sale-leaseback transactions, the majority of which involve operating leasebacks. Railcars owned by the Company, or leased by the Company from a financial intermediary, are generally leased to a customer under an operating lease. The Company also arranges non-recourse lease transactions under which it sells railcars or locomotives to a financial intermediary, and assigns the related operating lease to the financial intermediary on a non-recourse basis. In such arrangements, the Company generally provides ongoing railcar maintenance and management services for the financial intermediary, and receives a fee for such services. On most of the railcars and locomotives, the Company holds an option to purchase these assets at the end of the lease.

The following table describes the railcar and locomotive positions at December 31, 2004.

Method of Control	Financial Statement	Number
Owned-railcars available for sale	On balance sheet — current	769
Owned-railcar assets leased to others	On balance sheet — non-current	8,412
Railcars leased from financial intermediaries	Off balance sheet	4,288
Railcars – non-recourse arrangements	Off balance sheet	1,180
Total Railcars		14,649
Locomotive assets leased to others	On balance sheet — non-current	44
Locomotives – leased from financial intermediaries under limited recourse arrangements	Off balance sheet	30
Locomotives – non-recourse arrangements	Off balance sheet	44
Total Locomotives		118

In addition, the Company manages approximately 1,600 railcars for third-party customers or owners for which it receives a fee.

The Company has future lease payment commitments aggregating $56.7 million for the railcars leased by the Company from financial intermediaries under various operating leases. Remaining lease terms vary with none exceeding 8 years. The majority of these railcars have been leased to customers at December 31, 2004 over similar terms. This segment manages risk by match funding (which means matching terms between the lease to the customer and the funding arrangement with the financial intermediary), where

possible, and ongoing evaluation of lessee credit worthiness. In addition, the Company prefers non-recourse lease transactions, whenever possible, in order to minimize its credit risk.

As described in Note 3 to the consolidated financial statements in Item 8, the above car counts include railcars and locomotives that were purchased in February 2004. Nearly all of the purchased assets are owned outright by subsidiaries of TOP CAT Holding Company LLC, a wholly-owned subsidiary of The Andersons, Inc., and are included in the balance sheet. These assets are included in bankruptcy-remote entities whose debt is non-recourse to the Company and looks solely to the railcar and locomotive assets for collateral.

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

The market risk inherent in the Company’s market risk-sensitive instruments and positions is the potential loss arising from adverse changes in commodity prices and interest rates as discussed below.

Commodity Prices

The availability and price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, plantings, government (domestic and foreign) farm programs and policies, changes in global demand created by population growth and higher standards of living, and global production of similar and competitive crops. To reduce price risk caused by market fluctuations, the Company follows a policy of hedging its inventories and related purchase and sale contracts. The instruments used are exchange-traded futures and options contracts that function as hedges. The market value of exchange-traded futures and options used for hedging has a high, but not perfect correlation, to the underlying market value of grain inventories and related purchase and sale contracts. The less correlated portion of inventory and purchase and sale contract market value (known as basis) is much less volatile than the overall market value of exchange-traded futures and tends to follow historical patterns. The Company manages this less volatile risk using its daily grain position report to constantly monitor its position relative to the price changes in the market. The Company’s accounting policy for its futures and options hedges, as well as the underlying inventory positions and purchase and sale contracts, is to mark them to the market price daily and include gains and losses in the statement of income in sales and merchandising revenues.

A sensitivity analysis has been prepared to estimate the Company’s exposure to market risk of its commodity position (exclusive of basis risk). The Company’s daily net commodity position consists of inventories, related purchase and sale contracts and exchange-traded contracts. The fair value of the position is a summation of the fair values calculated for each commodity by valuing each net position at quoted futures market prices. Market risk is estimated as the potential loss in fair value resulting from a

hypothetical 10% adverse change in such prices. The result of this analysis, which may differ from actual results, is as follows:

(in thousands)	December 31 2004	2003
Net long position	**$ 2,869**	$ 675
Market risk	**287**	68

Interest Rates

The fair value of the Company's long-term debt is estimated using quoted market prices or discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. In addition, the Company has derivative interest rate contracts recorded in its balance sheet at their fair value. The fair value of these contracts is estimated based on quoted market termination values. Market risk, which is estimated as the potential increase in fair value resulting from a hypothetical one-half percent decrease in interest rates, is summarized below:

(in thousands)	December 31 2004	2003
Fair value of long-term debt and interest rate contracts	**$ 168,668**	$ 88,711
Fair value in excess of (less than) carrying value	**(1,443)**	1,206
Market risk	**1,508**	1,005

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Item 8. Financial Statements and Supplementary Data

The Andersons, Inc.
Index to Financial Statements

Management's Report on Internal Control Over Financial Reporting

The management of The Andersons, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control – Integrated Framework." Based on our assessment under this framework, we concluded that, as of December 31, 2004, the Company's internal control over financial reporting was effective.

Our management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
The Andersons, Inc.:

We have completed an integrated audit of The Andersons, Inc.'s 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2004 and audits of its 2003 and 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the accompanying index, present fairly, in all material respects, the financial position of The Andersons, Inc. and its subsidiaries at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, during 2002, the Company adopted EITF Topic D-96, *Accounting for Management Fees Based on a Formula*.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that the Company maintained effective internal control over financial reporting as of December 31, 2004 based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the

Company maintained in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP

Toledo, Ohio
March 14, 2005

The Andersons, Inc.
Consolidated Statements of Income

(in thousands, except per common share data)	Year ended December 31 2004	2003	2002
Sales and merchandising revenues	**$ 1,275,273**	$ 1,246,964	$ 1,076,527
Cost of sales and merchandising revenues	**1,086,174**	1,082,870	913,426
Gross profit	**189,099**	164,094	163,101
Operating, administrative and general expenses	**154,895**	143,129	141,028
Interest expense	**10,545**	8,048	9,812
Other income / gains:			
Other income, net	**4,973**	4,701	3,426
Equity in earnings of affiliates	**1,471**	347	13
Gain on insurance settlements	**—**	—	302
Income before income taxes and cumulative effect of accounting change	**30,103**	17,965	16,002
Income tax provision	**10,959**	6,264	5,238
Income before cumulative effect of accounting change	**19,144**	11,701	10,764
Cumulative effect of change in accounting principle, net of income tax effect	**—**	—	3,480
Net income	**$ 19,144**	$ 11,701	$ 14,244
Per common share:			
Basic earnings per share:			
Income before cumulative effect of accounting change	**$ 2.64**	$ 1.64	$ 1.48
Cumulative effect of change in accounting principle, net of income tax effect	**—**	—	0.48
Net income	**$ 2.64**	$ 1.64	$ 1.96
Diluted earnings per share:			
Income before cumulative effect of accounting change	**$ 2.55**	$ 1.59	$ 1.45
Cumulative effect of change in accounting principle, net of income tax effect	**—**	—	0.47
Diluted earnings	**$ 2.55**	$ 1.59	$ 1.92
Dividends paid	**$ 0.305**	$ 0.28	$ 0.26

The Notes to Consolidated Financial Statements are an integral part of these statements.

The Andersons, Inc.
Consolidated Balance Sheets

(in thousands)	December 31 2004	December 31 2003
Assets		
Current assets:		
Cash and cash equivalents	**$ 8,439**	$ 6,444
Restricted cash	**1,532**	—
Accounts and notes receivable:		
Trade receivables, less allowance for doubtful accounts of $2,136 in 2004; $2,274 in 2003	**64,458**	67,375
Margin deposits	**1,777**	1,171
	66,235	68,546
Inventories	**251,428**	259,755
Railcars available for sale	**6,937**	1,448
Deferred income taxes	**2,650**	3,563
Prepaid expenses and other current assets	**21,072**	17,223
Total current assets	**358,293**	356,979
Other assets:		
Pension asset	**6,127**	6,434
Other assets and notes receivable, less allowance for doubtful notes receivable of $173 in 2004; $259 in 2003	**10,464**	4,806
Investments in and advances to affiliates	**4,037**	2,462
	20,628	13,702
Railcar assets leased to others, net	**101,358**	29,489
Property, plant and equipment, net	**92,510**	92,449
	$ 572,789	$ 492,619
Liabilities and Shareholders' equity		
Current liabilities:		
Short-term borrowings	**$ 12,100**	$ 48,000
Accounts payable for grain	**87,322**	88,314
Other accounts payable	**66,208**	72,291
Customer prepayments and deferred revenue	**50,105**	34,366
Accrued expenses	**20,744**	19,024
Current maturities of long-term debt – non-recourse	**10,063**	—
Current maturities of long-term debt	**6,005**	5,452
Total current liabilities	**252,547**	267,447
Deferred income and other long-term liabilities	**1,213**	1,359
Employee benefit plan obligations	**16,890**	14,493
Long-term debt – non-recourse, less current maturities	**64,343**	—
Long-term debt, less current maturities	**89,803**	82,127
Deferred income taxes	**14,117**	11,402
Total liabilities	**438,913**	376,828
Shareholders' equity:		
Common shares, without par value, 25,000 shares authorized Issued – 8,430 shares at stated value of $0.01 per share	**84**	84
Additional paid-in capital	**67,960**	67,179
Treasury shares, at cost (1,077 in 2004; 1,229 in 2003)	**(12,654)**	(13,118)
Accumulated other comprehensive loss	**(397)**	(355)
Unearned compensation	**(119)**	(120)
Retained earnings	**79,002**	62,121
	133,876	115,791
	$ 572,789	$ 492,619

The Notes to Consolidated Financial Statements are an integral part of these statements.

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The Andersons, Inc.
Consolidated Statements of Cash Flows

(in thousands)	Year ended December 31 2004	2003	2002
Operating activities			
Net income	**$ 19,144**	$ 11,701	$ 14,244
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**21,435**	15,139	14,314
Cumulative effect of accounting change, net of income tax effect	**—**	—	(3,480)
Unremitted earnings of affiliates	**(854)**	(353)	(41)
Gain on disposal of property, plant and equipment	**(431)**	(273)	(708)
Realized gains on sales of railcars and related leases	**(3,127)**	(2,146)	(179)
Deferred income taxes	**3,184**	382	1,432
Other	**739**	446	91
Cash provided by operations before changes in operating assets and liabilities	**40,090**	24,896	25,673
Changes in operating assets and liabilities:			
Accounts and notes receivable	**2,311**	(8,814)	(4,896)
Inventories	**8,327**	(3,480)	(17,984)
Prepaid expenses and other assets	**(2,731)**	(6,266)	(433)
Accounts payable for grain	**(992)**	12,893	8,454
Other accounts payable and accrued expenses	**15,487**	24,864	12,435
Net cash provided by operating activities	**62,492**	44,093	23,249
Investing activities			
Acquisition of business	**(85,078)**	—	—
Purchases of railcars	**(45,550)**	(20,498)	(8,203)
Proceeds from sale or financing of railcars and related leases	**45,640**	16,710	15,985
Purchases of property, plant and equipment	**(13,201)**	(11,749)	(9,834)
Proceeds from disposals of property, plant and equipment	**1,386**	607	900
Investment in affiliate	**(675)**	(1,182)	—
Restricted cash	**(1,532)**	—	—
Net cash used in investing activities	**(99,010)**	(16,112)	(1,152)
Financing activities			
Net decrease in short-term borrowings	**(35,900)**	(22,000)	(12,600)
Proceeds from issuance of long-term debt	**14,678**	2,916	22,333
Proceeds from issuance of non-recourse, securitized long-term debt	**86,400**	—	—
Payments of long-term debt	**(6,449)**	(9,385)	(29,976)
Payments of non-recourse, securitized long-term debt	**(11,994)**	—	—
Change in overdrafts	**(2,307)**	3,126	2,866
Payment of debt issuance costs	**(4,704)**	—	(634)
Proceeds from sale of treasury shares under stock compensation plans	**1,004**	964	840
Dividends paid	**(2,215)**	(2,009)	(1,903)
Purchase of treasury shares	**—**	(1,244)	(2,625)
Net cash provided by (used in) financing activities	**38,513**	(27,632)	(21,699)
Increase in cash and cash equivalents	**1,995**	349	398
Cash and cash equivalents at beginning of year	**6,444**	6,095	5,697
Cash and cash equivalents at end of year	**$ 8,439**	$ 6,444	$ 6,095

The Notes to Consolidated Financial Statements are an integral part of these statements.

The Andersons, Inc.
Consolidated Statements of Shareholders' Equity

(in thousands, except per share data)	Common Shares	Additional Paid-in Capital	Treasury Shares	Accumulated Other Comprehensive Loss	Unearned Compensation	Retained Earnings	Total
Balances at January 1, 2002	$ 84	$ 66,431	$ (10,687)	$ (964)	$ (83)	$ 40,153	$ 94,934
Net income						14,244	14,244
Other comprehensive income :							
Cash flow hedge activity				149			149
Comprehensive income							14,393
Stock awards, stock option exercises, and other shares issued to employees and directors, net of income tax of $303 (132 shares)		231	754		(145)		840
Amortization of unearned compensation					155		155
Purchase of treasury shares (216 shares)			(2,625)				(2,625)
Dividends declared ($0.265 per common share)						(1,932)	(1,932)
Balances at December 31, 2002	84	66,662	(12,558)	(815)	(73)	52,465	105,765
Net income						11,701	11,701
Other comprehensive income:							
Cash flow hedge activity				460			460
Comprehensive income							12,161
Stock awards, stock option exercises, and other shares issued to employees and directors, net of income tax of $387 (129 shares)		517	684		(237)		964
Amortization of unearned compensation					190		190
Purchase of treasury shares (100 shares)			(1,244)				(1,244)
Dividends declared ($0.285 per common share)						(2,045)	(2,045)
Balances at December 31, 2003	**84**	**67,179**	**(13,118)**	**(355)**	**(120)**	**62,121**	**115,791**
Net income						**19,144**	**19,144**
Other comprehensive income:							
Cash flow hedge activity				**(42)**			**(42)**
Comprehensive income							**19,102**
Stock awards, stock option exercises, and other shares issued to employees and directors, net of income tax of $1,147 (151 shares)		**781**	**464**		**(241)**		**1,004**
Amortization of unearned compensation					**242**		**242**
Dividends declared ($0.31 per common share)						**(2,263)**	**(2,263)**
Balances at December 31, 2004	**$ 84**	**$ 67,960**	**$ (12,654)**	**$ (397)**	**$ (119)**	**$ 79,002**	**$ 133,876**

The Notes to Consolidated Financial Statements are an integral part of these statements.

The Andersons, Inc.
Notes to Consolidated Financial Statements

1. Basis of Financial Presentation

These consolidated financial statements include the accounts of The Andersons, Inc. and its wholly-owned subsidiaries (the “Company”). All significant intercompany accounts and transactions are eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid debt instruments purchased with an initial maturity of three months or less. The carrying values of these assets approximate their fair values.

Restricted cash is held by an Indenture Trustee as collateral for the non-recourse debt issued in 2004 as described further in Note 7.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and may bear interest if past due. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on historical write-off experience by industry. We review our allowance for doubtful accounts quarterly. Past due balances over 90 days and greater than a specified amount are reviewed individually for collectibility. All other balances are reviewed on a pooled basis.

Account balances are charged off against the allowance when we feel it is probable the receivable will not be recovered. We do not have any off-balance sheet credit exposure related to our customers.

Inventories and Inventory Commitments

Grain inventories include owned bushels of grain, the value of forward contracts to buy and sell grain, and exchange traded futures and option contracts used to hedge the value of both owned

grain and forward contracts. Each of these grain inventory components is marked to the market price. The forward contracts require performance in future periods. Contracts to purchase grain from producers generally relate to the current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of grain to processors or other consumers generally do not extend beyond one year. The terms of contracts for the purchase and sale of grain are consistent with industry standards.

All other inventories are stated at the lower of cost or market. Cost is determined by the average cost method.

Investments In and Advances to Affiliates

The Company holds investments in three limited liability companies that are accounted for under the equity method. The Company's equity in these entities is presented at cost plus its accumulated proportional share of income / loss less any distributions it has received. The Company's share of income on its investment in these entities aggregated $1.5 million in 2004, $0.3 million in 2003 and was negligible in 2002.

In January 2003, the Company invested $1.2 million in Lansing Grain Company, LLC ("LGC") for a 15.1% interest. Lansing Grain Company, LLC was formed in late 2002 and includes the majority of the assets of the Lansing Grain Company. The terms of the Company's investment include options to increase its investment in each of the next four years with the potential of attaining majority ownership in 2008. Under this option agreement, the Company contributed an additional $0.7 million in the first quarter of 2004, bringing its ownership up to 21.9%.

Derivatives – Commodity and Interest Rate Contracts

For the purpose of hedging its market price risk exposure on grain owned and related forward grain purchase and sale contracts, the Company holds regulated commodity futures and options contracts for corn, soybeans, wheat and oats. The Company accounts for all commodity contracts using a daily mark-to-market method, the same method it uses to value grain inventory and forward purchase and sale contracts. Company policy limits the Company's unhedged grain position. While the Company considers its commodity contracts to be effective economic hedges, the Company does not designate or account for its commodity contracts as hedges. Realized and unrealized gains and losses in the value of commodity contracts (whether due to changes in commodity prices or due to sale, maturity or extinguishment of the commodity contract), grain inventories and related forward grain contracts are included in sales and merchandising revenues in the statements of income.

The Company also periodically enters into interest rate contracts to manage interest rate risk on borrowing or financing activities. The Company accounts for long-term interest rate swaps, treasury rate locks and interest rate corridor contracts as cash flow hedges; accordingly, changes in the fair value of the instruments are recognized in other comprehensive income. While the Company considers all of its derivative positions to be effective economic hedges of specified risks, the Company does not designate or account for other open interest rate contracts as hedges.

Changes in the market value of all other interest rate contracts are recognized currently in income. Upon termination of a derivative instrument or a change in the hedged item, any remaining fair value recorded on the balance sheet is immediately recorded as interest expense. The deferred derivative gains and losses on closed treasury rate locks and the changes in fair value of the interest rate corridors are reclassified into income over the term of the underlying hedged items, which are either long-term debt or lease contracts.

In 2004, the Company reclassified $0.3 million of other comprehensive income into the Rail Group's lease cost of sales under the reclassification policy noted above for amortization of the closed treasury rate locks. In each of 2003 and 2002, the reclassification was $0.2 million. Less than $0.1 million in each of 2004, 2003 and 2002 was reclassified to interest expense as a result of amortization of other comprehensive income from the change in fair value of the interest rate corridors.

In 2003, the Company entered into Canadian currency forward contracts totaling $13.8 million in anticipation of acquiring a Canadian company. The value of these contracts was included on the balance sheet and marked-to-market and the resulting unrealized gains and losses were included in the statement of income. When the acquisition failed to be consummated, these positions were liquidated and the resulting realized gain of $0.4 million was included in other income.

Railcars Available for Sale

The Company's Rail Group purchases, leases, markets and manages railcars for third parties and for internal use. Railcars to which the Company holds title are shown on the balance sheet in one of two categories – railcars available for sale or railcar assets leased to others. Railcars that have been acquired but have not been placed in service are classified as current assets and are stated at the lower of cost or market. Railcars leased to others, both on short- and long-term leases, are classified as long-term assets and are depreciated over their estimated useful lives.

Railcars have economic useful lives of either 40 or 50 years (measured from the date built) depending on type and year built. Railcars leased to others are depreciated over the shorter of their remaining useful lives or 15 years. Additional information about the Rail Group's leasing activities is presented in Note 10 to the consolidated financial statements.

Property, Plant and Equipment

Property, plant and equipment is carried at cost. Repairs and maintenance are charged to expense as incurred, while betterments that extend useful lives are capitalized. Depreciation is provided over the estimated useful lives of the individual assets, principally by the straight-line method. Estimated useful lives are generally as follows: land improvements and leasehold improvements – 10 to 16 years; buildings and storage facilities – 20 to 30 years; machinery and equipment – 3 to 20 years; and software – 3 to 10 years. The cost of assets retired or otherwise disposed of and the accumulated depreciation thereon are removed from the accounts, with any gain or loss realized upon sale or disposal credited or charged to operations.

Deferred Debt Issue Costs

Costs associated with the issuance of long-term debt are capitalized. These costs are amortized on a straight-line basis over the earlier of the stated term of the debt or the period from the issue date through the first early payoff date without penalty, if any. Capitalized costs associated with the short-term syndication agreement are amortized over the term of the syndication.

Intangible Assets and Goodwill

Intangible assets are recorded at cost, less accumulated amortization. Amortization of intangible assets is provided over their estimated useful lives (generally 5 to 10 years; patents 17 years) on the straight-line method. Goodwill is recorded net of accumulated amortization recognized through December 31, 2001. In accordance with Financial Accounting Standards Board ("FASB") Statement No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002, goodwill is no longer amortized, but is subject to periodic impairment tests.

Impairment of Long-lived Assets

Long-lived assets, including intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of the assets to the undiscounted future net cash flows the Company expects to generate with the asset. If such assets are considered to be impaired, the Company recognizes impairment expense for the amount by which the carrying amount of the assets exceeds the fair value of the assets.

The Company recognized impairment losses on long-term railcars of $0.3 million in 2002 in cost of sales of the Rail Group. The railcar impairments were recognized on cars nearing the end of their useful life, which carried low lease rates. Fair value was determined by calculating the net present value of the lease stream of the railcars and their salvage value. The railcar impairments were determined during the annual impairment review of long-term railcar assets. The Company also recognized a $0.2 million impairment on an agricultural facility in 2002, which was included in operating, administrative and general expenses. The agricultural facility impairment was triggered by, and based on, the receipt of a bona fide offer from a third-party for an idle facility, and was recorded by the Agriculture Group, and was based on the amount of the third-party offer.

Accounts Payable for Grain

Accounts payable for grain includes the liability for grain purchases on which price has not been established (delayed price). This amount has been computed on the basis of market prices at the balance sheet date, adjusted for the applicable premium or discount.

Cumulative Effect of Change in Accounting Principle

The Company has negotiated a marketing agreement with Cargill, Incorporated ("Cargill") that covers certain of its grain facilities (some of which are leased from Cargill). Under the current

provisions of this five-year amended and restated agreement (which began in June 1998, was renewed and amended in June 2003 and expires in May 2008), the Company sells grain from these facilities to Cargill at market prices. Income earned from operating the facilities (including buying, storing and selling grain and providing grain marketing services to its producer customers) is shared equally with Cargill once it exceeds a threshold amount. Measurement of this threshold is made on a cumulative basis and cash is paid to Cargill at each contract year end. The Company recognizes its pro-rata share of income to date at each month-end and accrues for any payment to Cargill in accordance with Emerging Issues Task Force Topic D-96, "Accounting for Management Fees Based on a Formula" ("Topic D-96").

The original 1998 agreement provided a guarantee of income to the Company up to the threshold amount, measured on a cumulative basis. Any cumulative excess over the threshold was shared equally by the parties. Prior to 2002, the Company accounted for the 1998 marketing agreement by recognizing the proportionate share of income for the guarantee and deferring any excess income until the end of a contract year. The cumulative deferral was then amortized over the remaining months of the contract. On January 1, 2002, the Company changed its method of accounting to adopt Topic D-96 and recognized a cumulative effect adjustment of $5.4 million ($3.5 million after tax).

Stock-Based Compensation

The Company accounts for its stock-based compensation plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. The Company has adopted the disclosure only provisions of FASB Statement No. 123, "Accounting for Stock-Based Compensation" as amended by SFAS 148. Accordingly, the Company provides pro forma disclosures assuming that the Company had accounted for its stock-based compensation programs using the fair value method promulgated by Statement No. 123.

(in thousands, except for per share data)	Year Ended December 31 2004	2003	2002
Net income reported	**$ 19,144**	$ 11,701	$ 14,244
Add: Stock-based compensation expense included in reported net income, net of related tax effects	**151**	124	105
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	**(677)**	(557)	(421)
Pro forma net income	**$ 18,618**	$ 11,268	$ 13,928
Earnings per share:			
Basic – as reported	**$ 2.64**	$ 1.64	$ 1.96
Basic – pro forma	**$ 2.57**	$ 1.58	$ 1.91
Diluted – as reported	**$ 2.55**	$ 1.59	$ 1.92
Diluted – pro forma	**$ 2.51**	$ 1.54	$ 1.87

Revenue Recognition

Sales of products are recognized at the time title transfers to the customer, which is generally at the time of shipment or when the customer takes possession of goods in the retail stores. Under the Company's mark-to-market method for its grain operations, gross profit on grain sales is recognized when sales contracts are executed. Sales of grain are then recognized at the time of shipment when title to the grain transfers to the customer. Revenues from other grain merchandising activities are recognized as open grain contracts are marked-to-market or as services are provided. Revenues for all other services are recognized as the service is provided. Rental revenues on operating leases are recognized on a straight-line basis over the term of the lease. Sales of railcars to financial intermediaries on a non-recourse basis are recognized as revenue on the date of sale. Sales for these transactions totaled $3.7 million and $11.9 million in 2004 and, 2003, respectively. There were no non-recourse sales in 2002.

Certain of the Company's operations provide for customer billings, deposits or prepayments for product that is stored at the Company's facilities. The sales and gross profit related to these transactions is not recognized until the product is shipped in accordance with the previously stated revenue recognition policy and these amounts are classified as a current liability titled customer prepayments and deferred income.

Sales returns and allowances are provided for at the time sales are recorded. Shipping and handling costs are included in cost of sales. In all cases, revenues are recognized only if collectibility is reasonably assured.

Lease Accounting

The Company accounts for its leases under FASB Statement No. 13, as amended, and related pronouncements.

The Company's Rail Group leases railcars and locomotives to customers, manages railcars for third parties, and leases railcars for internal use. The Company is an operating lessor of railcars that are owned by the Company, or leased by the Company from financial intermediaries. The Company records lease income for its activities as an operating lessor as earned, which is generally spread evenly over the lease term. The Company acquired some leases where the monthly lease fee is contingent upon some measure of usage ("per diem" leases). This monthly usage is tracked, billed and collected by third party service providers and funds are generally remitted to the Company along with usage data three months after they are earned. The Company records lease revenue for these per diem arrangements based on recent historical usage patterns and records a true up adjustment when the actual data is received. Revenues recognized under per diem arrangements totaled $8.4 million in 2004. There were no per diem arrangements prior to 2004. The Company expenses operating lease payments made to financial intermediaries on a straight-line basis over the lease term.

The Company periodically enters into leases with Rail Group customers that are classified as direct financing capital leases. Although lease terms are not significantly different from other operating leases that the Company maintains with its railcar customers, they qualify as capital leases. For these leases, the net minimum lease payments, net of unearned income is included in prepaid expenses and other current assets for the amount to be received within one year and the remainder in other assets. In 2003, the Company sold all of its direct financing lease receivables to a financial intermediary for $3.1 million and recognized a gain of $1.6 million.

The Company also arranges non-recourse lease transactions under which it sells railcars or locomotives to financial intermediaries and assigns the related operating lease on a non-recourse basis. The Company generally provides ongoing railcar maintenance and management services for the financial intermediaries, and receives a fee for such services when earned. On the date of sale, the Company recognizes the proceeds from sales of railcars in non-recourse lease transactions as revenue. Management and service fees are recognized as revenue as the underlying services are provided, which is generally spread evenly over the lease term.

The Company has financed the cost of certain railcar assets through leases with financial intermediaries. The terms of these leases required the Company to capitalize the assets and record the net present value of the lease obligations on its balance sheet as long-term borrowings. There was no gain or loss on these financing transactions. These obligations are included with the Company's long-term debt as described in Note 7 to the consolidated financial statements. The railcars under these leases are being depreciated to their residual value over the term of the leases. Details of the book value of the railcars are included in Note 4 to the consolidated financial statements.

Income Taxes

Income tax expense for each period includes taxes currently payable plus the change in deferred income tax assets and liabilities. Deferred income taxes are provided for temporary differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws governing periods in which the differences are expected to reverse. The Company evaluates the realizability of deferred tax assets and provides a valuation allowance for amounts that management does not believe are more likely than not to be recoverable, as applicable.

Advertising

Advertising costs are expensed as incurred. Advertising expense of $4.3 million, $3.6 million and $3.8 million in 2004, 2003, and 2002, respectively, is included in operating, administrative and general expenses.

Earnings per Share

Basic earnings per share is equal to net income divided by weighted average shares outstanding. Diluted earnings per share is equal to basic earnings per share plus the incremental per share effect of dilutive options and unvested restricted shares. Restricted shares that are fully vested are included in basic shares outstanding.

	Year ended December 31		
(in thousands)	2004	2003	2002
Weighted average shares outstanding – basic	**7,246**	7,141	7,283
Unvested restricted shares and shares contingently issuable upon exercise of options	**252**	199	146
Weighted average shares outstanding – diluted	**7,498**	7,340	7,429

Diluted earnings per common share excludes the impact of one thousand employee stock options for 2002, as such options were antidilutive. There were no such antidilutive options in 2004 and 2003.

New Accounting Standards

In December 2004, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 123R (Revised 2004), "Share-Based Payment". This standard requires expensing of stock options and other share-based payments and supersedes SFAS No. 123, which had allowed companies to choose between expensing stock options or showing pro forma disclosure only. The standard is effective for the Company as of July 1, 2005 and will apply to all awards granted, modified, cancelled or repurchased after that date as well as the unvested portion of prior awards. The Company is currently evaluating the provisions of this standard and will begin expensing stock options in the third quarter of 2005. The Company is evaluating the impact that this standard will have on it. The previous Stock Based Compensation section provides some indication of what the potential impact could be to the Company, however, the Company has not finalized its selection of the valuation model and anticipates some changes in its stock based compensation programs in 2005.

In November 2004, FASB issued SFAS No. 151, "Inventory Costs – an Amendment of ARB No. 43, Chapter 4." This standard provides clarification that abnormal amounts of idle facility expense, freight, handling costs, and spoilage should be recognized as current-period charges. Additionally, this standard requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of this standard are effective for inventory costs incurred during fiscal years beginning after June 15, 2005. This standard does not have a material impact to the Company's financial statements.

Reclassifications

Certain amounts in the 2003 and 2002 financial statements have been reclassified to conform to the 2004 presentation. These reclassifications had no effect on net income or shareholders’ equity as previously presented.

3. Business Combinations

In February 2004, the Company acquired used railcar rolling stock and leasing assets (railcars and a limited number of locomotives) from Railcar Ltd. and Progress Rail Services Corporation, both of which are part of Progress Energy, Inc., for $82.1 million plus $1.6 million directly to a financial institution for the exercise of a purchase option assigned to the Company by the sellers and $1.4 million in acquisition costs. The acquisition was financed primarily with long-term borrowings secured solely by the railcar rolling stock and current and future leases. The acquisition was accounted for under the purchase method of accounting, and the results of operations have been included in the consolidated statements of income from February 12, 2004. The allocation of cost to the acquired assets (in thousands) is as follows:

Railcar assets leased to others	$ 75,405
Railcars available for sale	6,497
Intangible assets (primarily customer lists)	3,620
Residual value guarantee liabilities assumed	(444)
Total cost of acquired assets	$ 85,078

The acquisition costs have been allocated to intangible assets and railcars on the basis of appraised value. Intangible assets will be amortized over 5 years. Railcar assets leased to others are depreciated over the shorter of their remaining useful life, which is limited by an economic life of 40 or 50 years (measured from the date built) depending on car type and when built, or 15 years. Railcars available for sale are not depreciated as they are not productive assets but they are stated at the lower of cost or market value. The assets acquired are located in the United States, Canada and Mexico.

All of the debt and most of the assets are held by three bankruptcy-remote entities that are wholly-owned by TOP CAT Holding Company LLC, a wholly-owned subsidiary of the Company. The debt holders have recourse only to the assets of those bankruptcy remote entities. These entities are also governed by an indenture agreement. Wells Fargo Bank, N.A. serves as Indenture Trustee. The Company serves as manager of the railcar assets and servicer of the leases for the bankruptcy-remote entities. The Indenture Trustee ensures that the bankruptcy remote entities are managed in accordance with the Indenture and all payees (both service providers and creditors) of the bankruptcy-remote entities are paid in accordance to the payment priority specified within the Indenture.

If the acquisition had taken place on January 1, 2003, pro forma revenues (unaudited) would have been $1,277.9 million and $1,270.6 million for 2004 and 2003, respectively. The business has been integrated into the Company’s Rail segment and has resulted in significantly different

cost and expense structures. Therefore, pro forma operating income, net earnings and earnings per common share are not presented as they are not meaningful.

4. Details of Certain Financial Statement Accounts

Major classes of inventories are as follows:

(in thousands)	December 31 2004	2003
Grain	**$ 146,912**	$ 152,703
Agricultural fertilizer and supplies	**37,604**	33,665
Lawn and garden fertilizer and corncob products	**36,885**	42,631
Retail merchandise	**28,099**	28,898
Railcar repair parts	**1,653**	1,572
Other	**275**	286
	$ 251,428	$ 259,755

The Company's amortizable intangible assets are included in Other assets and notes receivable and are as follows:

(in thousands)	Group	Original Cost	Accumulated Amortization	Net Book Value
December 31, 2004				
Trademarks / noncompete agreements / customer lists and other acquired intangibles	Processing	$ 3,988	$ 3,656	$ 332
Acquired customer list	Rail	3,462	575	2,887
Patents and other	Various	267	97	170
		$ 7,717	$ 4,328	$ 3,389
December 31, 2003				
Trademarks / noncompete agreements / customer lists and other acquired intangibles	Processing	$ 3,988	$ 2,858	$ 1,130
Patents and other	Various	199	89	110
		$ 4,187	$ 2,947	$ 1,240

Amortization expense for intangible assets for 2004 was $1.4 million and for each of 2003 and 2002 was $0.8 million. Expected aggregate annual amortization is as follows: 2005 — $1.1 million; 2006 through 2008 — $0.7 million each; and $0.1 million for 2009.

The Company's also has goodwill of $1.3 million included in Other assets and notes receivable. There has been no change in goodwill for in any of the years presented. Goodwill includes $0.6 million in the Agriculture Group and $0.7 million in the Processing Group.

The components of property, plant and equipment are as follows:

(in thousands)	December 31 2004	December 31 2003
Land	**$ 11,961**	$ 11,845
Land improvements and leasehold improvements	**30,967**	30,086
Buildings and storage facilities	**102,681**	99,120
Machinery and equipment	**126,510**	124,753
Software	**6,211**	5,470
Construction in progress	**1,305**	1,293
	279,635	272,567
Less accumulated depreciation and amortization	**187,125**	180,118
	$ 92,510	$ 92,449

The components of Railcar assets leased to others are as follows:

(in thousands)	December 31 2004	December 31 2003
Railcar assets leased to others	**$ 115,285**	$ 37,174
Less accumulated depreciation	**13,927**	7,685
	$ 101,358	$ 29,489

The Company enters into sale-leaseback transactions with financial institutions which are generally structured as operating leases. Two of the Company's sale-leaseback transactions, however, require accounting as a capital lease due to terms of the arrangements. These assets have a cost of $4.2 million and are included with railcar assets leased to others for both 2004 and 2003. Accumulated amortization for these assets was $0.7 and $0.5 million at December 31, 2004 and 2003, respectively.

5. Nonoperating Gains

During 2002, a conference facility owned by the Company was damaged by fire. This facility was insured for replacement value and the Company received insurance funds to repair the damaged assets. The 2002 gain of $0.3 million represents the insurance proceeds received in 2002 in excess of the net book value of the destroyed assets.

6. Short-Term Borrowing Arrangements

The Company maintains a borrowing arrangement with a syndicate of banks. The current arrangement, which was initially entered into in 2002 and renewed in September 2004 provides the Company with $100 million in short-term lines of credit and an additional $100 million in a three-year line of credit. In addition, the amended agreements include a flex line allowing the Company to increase the available short-term line by $50 million. Short-term borrowings under this arrangement totaled $12.1 and $48.0 million at December 31, 2004 and 2003, respectively. The borrowing arrangement terminates on September 30, 2005 but allows for indefinite renewals at the Company's option and as long as certain covenants are met. Management expects to renew the arrangement prior to its termination date. Borrowings under the lines of credit bear interest at variable interest rates, which are based on LIBOR, the prime rate or the federal funds rate, plus a spread. The terms of the borrowing agreement provide for annual commitment fees. The following information relates to short-term borrowings:

	December 31		
(in thousands, except percentages)	**2004**	**2003**	**2002**
Maximum amount borrowed	**$188,500**	$127,200	$139,200
Average daily amount borrowed	**77,103**	93,453	92,534
Weighted average interest rate	**1.91%**	2.07%	3.24%

7. Long-Term Debt and Interest Rate Contracts

Recourse Debt

Long-term debt consists of the following:

(in thousands, except percentages)	December 31 2004	December 31 2003
Note payable, 5.55%, payable $143 monthly, remainder due 2012	**$ 16,185**	$ 16,971
Note payable, 6.95%, payable $317 quarterly, remainder due 2010	**13,611**	14,879
Note payable, 5.55%, payable $291 quarterly beginning in 2004, due 2016	**9,959**	10,541
Note payable, 4.64%, payable $79 monthly, due 2009	**5,385**	6,291
Note payable, 4.60%, payable $235 quarter, due 2010	**7,202**	—
Industrial development revenue bonds:		
Variable rate (2.07% at December 31, 2004), due 2019	**4,650**	4,650
Variable rate (2.12% at December 31, 2004), due 2025	**3,100**	3,100
Liabilities related to acquisition, discounted at 8.25%, due in variable quarterly installments through 2005	**1,414**	2,059
Debenture bonds, 5.00% to 8.00%, due 2005 through 2014	**30,466**	25,083
Obligations under capital leases	**3,472**	3,563
Other notes payable and bonds	**364**	442
	95,808	87,579
Less current maturities	**6,005**	5,452
	$ 89,803	$ 82,127

In connection with its short-term borrowing agreement with a syndicate of banks, the Company obtained an unsecured $100.0 million long-term line of credit. Borrowings under this line of credit will bear interest based on LIBOR, plus a spread. The long-term line of credit expires on September 30, 2007, but may be renewed by the Company for an additional three years as long as covenants are met. After considering its standby letters of credit totaling $20.3 million at December 31, 2004, the Company had available borrowing capacity under this facility of $79.7 million.

The notes payable due 2010, 2012 and 2016 and the industrial development revenue bonds are collateralized by first mortgages on certain facilities and related equipment with a book value of $29.2 million. The note payable due 2009 is collateralized by railcars with a book value of $3.6 million.

The Company has $6.8 million of five year term debenture bonds bearing interest at 5.0% and $6.2 million of ten year term debenture bonds bearing interest at 6.0% available for sale under an existing registration statement.

The Company's short-term and long-term borrowing agreements include both financial and non-financial covenants that require the Company, among other things, to:

- maintain minimum working capital of $55.0 million and net equity (as defined) of $80.0 million;
- limit the addition of new long-term recourse debt;
- limit its unhedged grain position to 2.0 million bushels; and
- restrict the amount of dividends paid.

The Company was in compliance with all covenants at December 31, 2004 and 2003.

The aggregate annual maturities of long-term debt, including capital lease obligations, are as follows: 2005 — $6.0 million; 2006 — $12.7 million; 2007 — $9.6 million; 2008 — $9.6 million; 2009 — $24.1 million; and $33.8 million thereafter.

Non-Recourse Debt

In connection with the acquisition discussed in Note 3, the Company formed three bankruptcy-remote entities that are wholly-owned by TOP CAT Holding Company LLC, which is a wholly-owned subsidiary of the Company. These bankruptcy-remote entities issued $86.4 million of debt. The debt holders have recourse only to the assets including any related leases of those bankruptcy remote entities. These entities are also governed by an indenture agreement. Wells Fargo Bank, N.A. serves as Indenture Trustee. The Company serves as manager of the railcar assets and servicer of the leases for the bankruptcy-remote entities. The Indenture Trustee ensures that the bankruptcy remote entities are managed in accordance with the Indenture and all payees (both service providers and creditors) of the bankruptcy-remote entities are paid in accordance to the payment priority specified within the Indenture.

The Class A debt is insured by Municipal Bond Insurance Association. Financing costs of $4.7 million were incurred to issue the debt. These costs are being amortized over the expected debt repayment period, as described below. The book value of the railcar rolling stock at December 31, 2004 was $75.2 million.

(in thousands, except percentages)	December 31 2004	2003
Class A-1 Railcar Notes due 2019, 2.79%, payable $600,000 monthly	$ 24,200	$ —
Class A-2 Railcar Notes due 2019, 4.57%, payable $600,000 monthly beginning after Class A-1 notes have been retired	21,000	—
Class A-3 Railcar Notes due 2019, 5.13%, payable $183,333 monthly	24,456	—
Class B Railcar Notes due 2019, 14.00% payable $50,000 beginning August 2004	4,750	—
	74,406	—
Less current maturities	10,063	—
	$ 64,343	$ —

All of the debt issued has a final stated maturity date of 2019, however, it is anticipated that repayment will occur between 2012 and 2016 based on debt amortization requirements of the Indenture. The Company also has the ability to redeem the debt, at its option, beginning in 2011. This financing structure places a limited life on the created entities, limits the amount of assets that can be sold by the Company, requires variable debt repayment on asset sales and does not allow for new asset purchases within the existing bankruptcy remote entities.

The Company's non-recourse debt carries separate financial covenants relating solely to the collateralized assets. Triggering one or more of these covenants for a specified period of time, could require a faster amortization of the outstanding debt. These covenants include, but aren't limited to, the following:

- Monthly average lease rate greater than or equal to $200
- Monthly railcar utilization rate greater than or equal to 80%
- Coverage ratio greater than or equal to 1.15
- Class A notes balance less than or equal to 90% of the stated value (as assigned in the debt documents) of railcars.

The Company was in compliance with these covenants at December 31, 2004.

The aggregate annual maturities of long-term debt, non-recourse are as follows: 2005 — $10.1 million; 2006 — $10.0 million; 2007 — $9.2 million; 2008 — $9.0 million; 2009 — $9.0 million; and $27.1 million thereafter.

Interest Paid and Interest Rate Derivatives

Interest paid (including interest on short-term lines of credit) amounted to $10.1 million, $7.8 million and $10.1 million in 2004, 2003 and 2002, respectively.

The Company has entered into derivative interest rate contracts to manage interest rate risk on short-term borrowings. The contracts convert variable interest rates to short-term fixed rates, consistent with projected borrowing needs. The Company had three open interest rate swaps with notional amounts of $10.0 million each at December 31, 2004. These swaps fixed interest at 2.39%, 2.13% and 2.06% and expire at various times in 2005. In addition, at December 31, 2004 the Company has entered into one forward starting short-term interest rate derivative with a notional amount of $10.0 million to hedge its short-term borrowings. This agreement fixes interest rates at 3.00% and is effective from October 2005 through March 2006 and may be extended to October 2006. The Company also has a forward starting cap with a notional amount of $10.0 million beginning October 2005 which caps interest rates at 3.00% through March 2006. Although these instruments are intended to hedge interest rate risk on short-term borrowings, the Company has elected not to account for them as hedges. Changes in their fair value are included in interest expense in the statement of income.

The Company has also entered into various derivative financial instruments to hedge the interest rate component of long-term debt and lease obligations. The following table displays the contracts open at December 31, 2004.

Interest Rate Hedging Instrument	Year Entered	Year of Maturity	Initial Notional Amount (in millions)	Hedged Item	Interest Rate
Corridor	2002	2006	$ 4.8	Interest rate component of a railcar debt financing	4.25% - 7.00%
Corridor	2002	2007	$ 4.3	Interest rate component of a railcar sale-leaseback transaction	4.25% - 7.00%
Cap	2003	2008	$ 1.4	Interest rate component of an operating lease – not accounted for as a hedge	3.95%

The initial notional amounts on the above instruments amortize monthly in the same manner as the underlying hedged item. Changes in the fair value of the cap are included in interest expense in the statements of income, as they are not accounted for as cash flow hedges. The interest rate corridors are designated as cash flow hedges with changes in their fair values included as a component of other comprehensive income or loss. Also included in accumulated other comprehensive income are closed treasury rate locks entered into to hedge the interest rate component of railcar lease transactions prior to their closing. The reclassification of these amounts from other comprehensive income into interest or cost of railcar sales occurs over the term of the hedged debt or lease, as applicable.

The fair values of all derivative instruments are included in prepaid expenses, other assets and notes receivable, other accounts payable or other long-term liabilities. The net fair value amount for 2004 and 2003 was $0.1 million. The mark-to-market effect of long-term and short-term interest rate contracts on interest expense was a $0.1 million additional interest expense in 2003

and $0.1 million interest credit for 2004 and 2002. If there are no additional changes in fair value, the Company expects to reclassify $0.1 million from other comprehensive income into interest expense or cost of railcar sales in 2005. Counterparties to the short and long-term derivatives are large international financial institutions.

8. Income Taxes

The income tax provision applicable to continuing operations consists of the following:

(in thousands)	Year ended December 31 2004	2003	2002
Current:			
Federal	**$ 4,994**	$ 5,124	$ 3,606
State and local	**1,561**	758	200
Foreign	**1,220**	—	—
	7,775	5,882	3,806
Deferred:			
Federal	**2,473**	206	1,288
State and local	**570**	176	144
Foreign	**141**	—	—
	3,184	382	1,432
Total:			
Federal	**7,467**	5,330	4,894
State and local	**2,131**	934	344
Foreign	**1,361**	—	—
	$ 10,959	$ 6,264	$ 5,238

Income before income taxes from continuing operations consists of the following:

(in thousands)	Year ended December 31 2004	2003	2002
U.S. income	**$ 27,070**	$ 17,965	$ 16,002
Foreign	**3,033**	—	—
	$ 30,103	$ 17,965	$ 16,002

A reconciliation from the statutory U.S. federal tax rate to the effective tax rate follows:

	Year ended December 31		
	2004	**2003**	**2002**
Statutory U.S. federal tax rate	**35.0%**	35.0%	35.0%
Increase (decrease) in rate resulting from:			
Effect of extraterritorial income exclusion	**(3.1)**	(3.6)	(3.2)
State and local income taxes, net of related federal taxes	**4.6**	3.4	1.4
Other, net	**(0.1)**	0.1	(0.5)
Effective tax rate	**36.4%**	34.9%	32.7%

Income taxes paid in 2004, 2003 and 2002 were $7.1 million, $5.2 million and $2.5 million, respectively.

Significant components of the Company's deferred tax liabilities and assets are as follows:

(in thousands)	December 31	
	2004	**2003**
Deferred tax liabilities:		
Property, plant and equipment and railcar assets leased to others	**$ (19,132)**	$ (15,465)
Prepaid employee benefits	**(4,295)**	(4,277)
Deferred income	**(566)**	(193)
Other	**(422)**	(386)
	(24,415)	(20,321)
Deferred tax assets:		
Employee benefits	**8,290**	7,160
Accounts and notes receivable	**888**	1,237
Inventories	**3,228**	2,721
Investments	**190**	1,043
Other	**352**	321
	12,948	12,482
Net deferred tax liabilities	**$ (11,467)**	$ (7,839)

In 2002, the Company decreased a $1.9 million deferred tax asset related to its adoption of EITF Topic D-96 as discussed in Note 2. This amount was included in the statement of income as a component of the cumulative effect of a change in accounting principle.

In 2002, the Company recorded a deferred tax asset of $0.5 million, related to the accounting for derivatives under Statement 133. In 2004, this deferred tax asset was decreased by $0.4 million. The net amount is included in other comprehensive income in the statement of shareholders' equity.

We have recorded reserves for tax exposures based on our best estimate of probable and reasonably estimable tax matters. We do not believe that a material additional loss is reasonably possible for tax matters.

9. Stock Compensation Plans

The Company's Amended and Restated Long-Term Performance Compensation Plan dated December 14, 2001 (the "LT Plan") authorizes the Board of Directors to grant options and share awards to employees and outside directors for up to 2.1 million of the Company's common shares. Options granted under the LT Plan have a maximum term of 10 years. Options granted to outside directors have a fixed term of five years and vest after one year. Options granted to management personnel under the LT Plan have a five-year term and vest 40% immediately, an additional 30% after one year and the remaining 30% after two years. Options granted under the LT Plan are structured as fixed grants with exercise price equal to the market value of the underlying stock on the date of the grant; accordingly, no compensation expense is recognized for these grants.

The LT Plan also permits awards of restricted stock. The Company issued 15 thousand, 24 thousand and 15 thousand restricted shares during 2004, 2003 and 2002, respectively; 24 thousand restricted shares remain outstanding at December 31, 2004. These shares carry voting and dividend rights; however, sale of the shares is restricted prior to vesting. Restricted shares vest 50% after one year and the remaining 50% after two years. Restricted shares issued under the LT Plan are recorded at their fair value on the grant date with a corresponding charge to shareholders' equity representing the unearned portion of the award. The unearned portion is amortized as compensation expense on a straight-line basis over the related vesting period. Compensation expense related to restricted stock issued under the LT Plan amounted to $0.2 million in each of 2004, 2003 and 2002.

Certain Company executives and outside directors have elected to receive a portion of their cash compensation in stock options and/or restricted stock issued under the LT Plan. These options and restricted stock vest immediately. The options have a ten-year term. There were 4 thousand, 4 thousand and 3 thousand restricted shares issued in lieu of cash compensation in 2004, 2003 and 2002, respectively and 10 thousand options issued in 2002.

The Company's 2004 Employee Share Purchase Plan (the "ESP Plan") allows employees to purchase common shares through payroll withholdings. The Company has registered 300 thousand common shares plus 16 thousand common shares remaining unissued under the prior Employee Share Purchase Plan for issuance to and purchase by employees under this plan. The ESP Plan also contains an option component. The purchase price per share under the ESP Plan is the lower of the market price at the beginning or end of the year. Employees purchased 25 thousand, 23 thousand and 24 thousand shares under the ESP Plan in 2004, 2003 and 2002, respectively. The Company records a liability for withholdings not yet applied towards the purchase of common stock. No compensation expense is recognized for stock purchases or options under the ESP Plan.

Pro forma information regarding net income and earnings per share required by SFAS No. 123, is included in Note 2 to the consolidated financial statements and is determined as if the Company accounted for its employee stock options under the fair value method. The fair value of each option grant is estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions by year.

	2004	2003	2002
Long Term Performance Compensation Plan			
Risk free interest rate	**3.25%**	2.78%	4.42%
Dividend yield	**1.88%**	2.20%	2.60%
Volatility factor of the expected market price of the Company's common shares	**.308**	.298	.300
Expected life for the options (in years)	**5.00**	5.00	5.30
Employee Share Purchase Plan			
Risk free interest rate	**1.29%**	1.32%	2.17%
Dividend yield	**1.88%**	2.20%	2.60%
Volatility factor of the expected market price of the Company's common shares	**.308**	.298	.300
Expected life for the options (in years)	**1.00**	1.00	1.00

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period.

A summary of the Company's stock option activity and related information for the years ended December 31 follows:

	Long-Term Performance Compensation Plan					
	2004		2003		2002	
(common shares in thousands)	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	**785**	**$ 9.94**	808	$ 9.37	915	$ 9.18
Granted	**192**	**15.97**	205	12.70	171	10.00
Exercised	**(216)**	**8.76**	(205)	10.54	(239)	9.14
Expired/forfeited	**(7)**	**10.27**	(23)	9.23	(39)	9.12
Outstanding at end of year	**754**	**$ 11.81**	785	$ 9.94	808	$ 9.37

	2004	2003	2002
Weighted average fair value of options granted during year	**$ 4.26**	$ 3.07	$ 2.62
Options exercisable at end of year	**576**	611	662
Weighted average exercise price of options exercisable at end of year	**$ 10.84**	$ 9.34	$ 9.35

Options available for grant at December 31, 2004	**437**
Price range of options at December 31, 2004	**$8.625 to $15.97**
Weighted average remaining contractual life (in years)	**2.74**

The following table provides additional information about outstanding options categorized by exercise price.

Range of Exercise Price	Outstanding Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Life	Vested Options	Weighted Average Exercise Price of Vested Options
$8.625 - $9.99	230	$ 8.74	1.70	230	$ 8.74
$10.00 - $11.74	142	$ 10.00	2.38	142	$ 10.00
$11.75 - $12.70	192	$ 12.70	3.01	136	$ 12.70
$12.71 - $15.97	190	$ 15.97	4.01	68	$ 15.97
	754			576	

10. Other Commitments and Contingencies

Railcar leasing activities:

The Company is a lessor of railcars. The majority of railcars are leased to customers under operating leases that may be either net leases or full service leases under which the Company provides maintenance and fleet management services. The Company also provides such services to financial intermediaries to whom it has sold railcars and locomotives in non-recourse lease transactions. Fleet management services generally include maintenance, escrow, tax filings and car tracking services.

Many of the Company’s leases provide for renewals. The Company also generally holds purchase options for railcars it has sold and leased-back from a financial intermediary, and railcars sold in non-recourse lease transactions.

Lease income from operating leases to customers (including month to month and per diem leases) and rental expense for railcar leases were as follows:

(in thousands)	Year ended December 31 2004	2003	2002
Rental and service income – operating leases	**$ 43,306**	$ 12,653	$ 11,521
Rental expense	**$ 12,150**	$ 5,108	$ 5,007

Future minimum rentals and service income for all noncancelable railcar operating leases greater than one year are as follows:

(in thousands)	Future Rental and Service Income – Operating Leases	Future Minimum Rental Expense
Year ended December 31		
2005	$ 28,596	$ 10,962
2006	21,903	8,996
2007	15,110	9,844
2008	9,478	7,486
2009	6,950	7,259
Future years	10,270	12,152
	$ 92,307	$ 56,699

Other Leasing Activities:

The Company, as a lessee, leases real property, vehicles and other equipment under operating leases. Certain of these agreements contain lease renewal and purchase options. The Company also leases excess property to third parties. Net rental expense under these agreements was $4.2 million, $4.9 million and $5.1 million in 2004, 2003 and 2002, respectively. Future minimum lease payments (net of sublease income commitments) under agreements in effect at December 31, 2004 are as follows: 2005 — $2.5 million; 2006 — $2.3 million; 2007 — $2.0 million; 2008 — $1.8 million; 2009 — $1.7 million; and $7.9 million thereafter.

Other Commitments:

The Company has agreed to fund a research and development effort at a rate of $0.2 million per year for five years, ending June 30, 2007. The commitment may be satisfied, in part, by qualifying internal costs or expenditures to third parties.

The Company has from time to time entered into agreements which resulted in indemnifying third parties against certain potential liabilities. Management believes that judgments, if any, related to such agreements would not have a material effect on the Company's financial condition, results of operations or cash flow.

11. Employee Benefit Plan Obligations

The Company provides retirement benefits for substantially all of its employees under several defined benefit and defined contribution plans. The Company's expense for its defined contribution plans amounted to $1.4 million in each of 2004, 2003 and 2002. The Company also provides certain health insurance benefits to employees, including retirees.

Defined Benefit Plans:

The Company has both funded and unfunded noncontributory defined benefit pension plans that cover substantially all of its employees. The plans provide defined benefits based on years of service and average monthly compensation for the highest five consecutive years of employment within the final ten years of employment.

The Company also has postretirement health care benefit plans covering substantially all of its full time employees hired prior to January 1, 2003. These plans are generally contributory and include a limit on the Company's share for most retirees. Effective October 1, 2002, the Company amended its retiree health care plan to eliminate all retiree health care benefits for new employees hired after January 1, 2003. In addition, the Company has limited its premium contribution for future years to the rates in effect at December 31, 2002 plus a 3% inflation factor per year after that date. Finally, the Company raised its employee and retiree co-payments for all prescription drugs. These changes resulted in an $8.7 million reduction in the benefit obligation as measured at December 31, 2002.

The measurement date for all plans is December 31.

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Obligation and Funded Status

Following are the details of the liability and funding status of the pension and postretirement benefit plans:

(in thousands)	Pension Benefits 2004	Pension Benefits 2003	Postretirement Benefits 2004	Postretirement Benefits 2003
Change in benefit obligation				
Benefit obligation at beginning of year	**$ 41,288**	$ 33,604	**$ 21,428**	$ 18,883
Service cost	**3,124**	2,684	**623**	532
Interest cost	**2,488**	2,148	**1,296**	1,266
Actuarial (gains)/losses	**3,645**	4,631	**1,827**	1,562
Plan amendment	**—**	—	**(712)**	—
Participant contributions	**—**	—	**187**	132
Benefits paid	**(1,006)**	(1,779)	**(1,013)**	(947)
Benefit obligation at end of year	**49,539**	41,288	**23,636**	21,428
Change in plan assets				
Fair value of plan assets at beginning of year	**32,520**	24,125	**—**	—
Actual gains (losses) on plan assets	**3,432**	5,878	**—**	—
Company contributions	**3,428**	4,296	**826**	815
Participant contributions	**—**	—	**187**	132
Benefits paid	**(1,006)**	(1,779)	**(1,013)**	(947)
Fair value of plan assets at end of year	**38,374**	32,520	**—**	—
Funded (underfunded) status of plans at end of year	**(11,165)**	(8,768)	**(23,636)**	(21,428)
Unrecognized net actuarial loss	**16,706**	14,591	**16,985**	16,773
Unrecognized prior service cost	**37**	63	**(6,238)**	(6,727)
Prepaid (accrued) benefit cost	**$ 5,578**	$ 5,886	**$ (12,889)**	$ (11,382)

Amounts recognized in the consolidated balance sheets at December 31 consist of:

(in thousands)	Pension Benefits 2004	Pension Benefits 2003	Postretirement Benefits 2004	Postretirement Benefits 2003
Accrued expenses	**$ (549)**	$ (548)	**$ —**	$ —
Pension asset	**6,127**	6,434	**—**	—
Employee benefit plan obligations	**—**	—	**(12,889)**	(11,382)
Net amount recognized	**$ 5,578**	$ 5,886	**$ (12,889)**	$ (11,382)

Included in employee and benefit plan obligations are $3.6 million and $2.7 million at December 31, 2004 and 2003, respectively, of deferred compensation for certain employees who, due to

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Internal Revenue Service guidelines, may not take full advantage of the Company's primary defined contribution plan. Assets funding this plan are marked to market and in prepaid expenses and other current assets and are equal to the value of this liability. This plan has no impact on income.

Obligations and assets at December 31 for all Company defined benefit plans are as follows:

(in thousands)	2004	2003
Projected benefit obligation	**$ 49,539**	$ 41,288
Accumulated benefit obligation	**$ 34,585**	$ 28,596
Fair value of plan assets	**$ 38,374**	$ 32,520

The combined benefits expected to be paid for all Company defined benefit plans over the next ten years (in thousands) are as follows:

Year	Expected Pension Benefit Payout	Expected Postretirement Benefit Payout
2005	$ 1,896	$ 974
2006	2,159	1,054
2007	2,360	1,130
2008	2,780	1,205
2009	3,207	1,285
2010-2014	24,591	7,715

Amounts applicable to an unfunded Company defined benefit plan with accumulated benefit obligations in excess of plan assets are as follows:

(in thousands)	2004	2003
Projected benefit obligation	**$ 1,098**	$ 858
Accumulated benefit obligation	**$ 704**	$ 451

Following are components of the net periodic benefit cost for each year:

	Pension Benefits			Postretirement Benefits		
(in thousands)	2004	2003	2002	2004	2003	2002
Service cost	**$ 3,124**	$ 2,684	$ 2,265	**$ 624**	$ 532	$ 721
Interest cost	**2,488**	2,148	1,891	**1,296**	1,266	1,601
Expected return on plan assets	**(2,902)**	(2,182)	(2,197)	**—**	—	—
Amortization of prior service cost	**26**	26	26	**(489)**	(489)	(122)
Recognized net actuarial loss	**999**	1,014	246	**902**	852	587
Amortization of net transition obligation	**—**	—	—	**—**	—	83
Benefit cost	**$ 3,735**	$ 3,690	$ 2,231	**$ 2,333**	$ 2,161	$ 2,870

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Assumptions

Weighted Average Assumptions	Pension Benefits 2004	2003	2002	Postretirement Benefits 2004	2003	2002
Used to Determine Benefit Obligations at Measurement Date						
Discount rate	**6.00%**	6.25%	6.75%	**6.00%**	6.25%	6.75%
Rate of compensation increases	**4.00%**	4.00%	4.00%	**—**	—	—
Used to Determine Net Periodic Benefit Cost for Years ended December 31						
Discount rate	**6.25%**	6.75%	7.25%	**6.25%**	6.75%	7.25%
Expected long-term return on plan assets	**9.00%**	9.00%	9.00%	**—**	—	—
Rate of compensation increases	**4.00%**	4.00%	4.00%	**—**	—	—

The expected long-term return on plan assets was determined based on the current asset allocation and historical results from plan inception. Our expected long-term rate of return on plan assets is based on a target allocation of assets, which is based on our goal of earning the highest rate of return while maintaining risk at acceptable levels and is disclosed in the Plan Assets section of this Note. The plan strives to have assets sufficiently diversified so that adverse or unexpected results from one security class will not have an unduly detrimental impact on the entire portfolio.

Assumed Health Care Cost Trend Rates at Beginning of Year

	2004	2003
Health care cost trend rate assumed for next year	**11.0%**	7.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	**5.0%**	5.0%
Year that the rate reaches the ultimate trend rate	**2017**	2008

The assumed health care cost trend rate has an effect on the amounts reported for postretirement benefits. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

(in thousands)	One-Percentage-Point Increase	One-Percentage-Point Decrease
Effect on total service and interest cost components in 2004	$ 21	$ (19)
Effect on postretirement benefit obligation as of December 31, 2004	376	(342)

To partially fund self-insured health care and other employee benefits, the Company makes payments to a trust. Assets of the trust amounted to $4.4 million and $4.1 million at December 31, 2004 and 2003, respectively, and are included in prepaid expenses and other current assets.

In 2004, the FASB issued a Staff Position ("FSP") No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act)." The Act was signed into law in December 2003 and expanded Medicare to include prescription drugs. We provide medical benefits to retirees and expect that this legislation will reduce our costs for some of these benefits. Beginning July 1, 2004, our net periodic postretirement benefit expense includes the effect of the Act for those benefits that are clearly actuarially equivalent to Medicare Part D (for certain covered retirees, we pay 100% of the prescription drug cost). There are other prescription drug benefits that we provide that haven't been determined to be actuarially equivalent at this time. Additional specific authoritative guidance on the accounting for the federal subsidy could require us to make further cost adjustments when issued. The impact to our postretirement obligation at December 31, 2004 was a reduction of $0.7 million. The impact to 2004 net periodic postretirement expense for 2004 was not significant.

Plan Assets

The Company's pension plan weighted average asset allocations at December 31 by asset category, are as follows:

Asset Category	2004	2003
Equity securities	**74%**	75%
Debt securities	**23%**	19%
Cash and equivalents	**3%**	6%
	100%	100%

The investment policy and strategy for the assets of the Company's funded defined benefit plan includes the following objectives:

- ensure superior long-term capital growth and capital preservation
- reduce the level of the unfunded accrued liability in the plan, and
- offset the impact of inflation

Risks of investing are managed through asset allocation and diversification and are monitored by the Company's pension committee on a semi-annual basis. Available investment options include U.S. Government and agency bonds and instruments, equity and debt securities of public corporations listed on U.S. stock exchanges, exchange listed U.S. mutual funds investing in equity and debt securities of publicly traded domestic or international companies and cash or money market securities. In order to minimize risk, the Company has placed the following portfolio market value limits on its investments, to which the investments must be rebalanced after each quarterly cash contribution. Note that the single security restriction doesn't apply to mutual funds.

	Percentage of Total Portfolio Market Value		
	Minimum	Maximum	Single Security
Equity based	60%	80%	<10%
Fixed income based	20%	35%	<5%
Cash and equivalents	1%	5%	<5%

There is no equity or debt of the Company included in the assets of the defined benefit plan. The December 31, 2003 balance was outside the portfolio market value limits as a result of end of year contributions made and held as a cash or cash equivalent on the measurement date.

Cash Flows

The Company expects to make a minimum contribution to the funded defined benefit pension plan of approximately $2.7 million in 2005. The Company reserves the right to contribute more than this amount.

12. Fair Values of Financial Instruments

The fair values of the Company's cash equivalents, margin deposits, short-term borrowings and certain long-term borrowings approximate their carrying values since the instruments are close to maturity and/or carry variable interest rates based on market indices. The Company accounts for investments in affiliates on the equity method. The estimated fair value of these investments could not be obtained without incurring excessive costs as these investments have no quoted market price.

Certain long-term notes payable and the Company's debenture bonds bear fixed rates of interest and terms of up to 12 years. Based upon current interest rates offered by the Company on similar bonds and rates currently available to the Company for long-term borrowings with similar terms and remaining maturities, the Company estimates the fair values of its long-term debt instruments outstanding at December 2004 and 2003, as follows:

(in thousands)	Carrying Amount	Fair Value
2004:		
Long-term notes payable	**$ 53,756**	**$ 53,781**
Long-term notes payable non-recourse	**74,406**	**72,213**
Debenture bonds	**30,466**	**31,191**
	$ 158,628	**$ 157,185**
2003:		
Long-term notes payable	$ 44,450	$ 44,900
Debenture bonds	25,083	25,919
	$ 69,533	$ 70,819

13. Business Segments

The Company's operations include four reportable business Groups that are distinguished primarily on the basis of products and services offered. The Agriculture Group includes grain merchandising, the operation of terminal grain elevator facilities and the manufacture and distribution of agricultural inputs, primarily fertilizer, to dealers and farmers. The Rail Group includes the leasing, marketing and fleet management of railcars and locomotives, railcar repair and metal fabrication. The Processing Group includes the production and distribution of lawn care and corncob-based products. The Retail Group includes the operation of six large retail stores, a distribution center and a lawn and garden equipment sales and service shop.

Included in Other are the corporate level amounts not attributable to an operating Group and the marketing of the Company's excess real estate.

The segment information below (in thousands) includes the allocation of expenses shared by one or more Groups. Although management believes such allocations are reasonable, the operating information does not necessarily reflect how such data might appear if the segments were operated as separate businesses. Inter-segment sales are made at prices comparable to normal, unaffiliated customer sales. Operating income (loss) for each Group is based on net sales and merchandising revenues plus identifiable other income less all identifiable operating expenses, including interest expense for carrying working capital and long-term assets. Capital expenditures include additions to property, plant and equipment, software and intangible assets.

2004	Agriculture	Rail	Processing	Retail	Other	Total
Revenues from external customers	**$ 909,480**	**$ 59,283**	**$ 127,814**	**$ 178,696**	**$ —**	**$ 1,275,273**
Inter-segment sales	**9,504**	**495**	**1,363**	**—**	**—**	**11,362**
Other income (net)	**2,073**	**962**	**596**	**756**	**586**	**4,973**
Equity in net income of investees – equity method	**1,471**	**—**	**—**	**—**	**—**	**1,471**
Interest expense (income) (a)	**4,518**	**4,436**	**1,651**	**1,098**	**(1,158)**	**10,545**
Operating income (loss)	**21,302**	**10,986**	**(144)**	**2,108**	**(4,149)**	**30,103**
Identifiable assets	**277,535**	**133,691**	**76,716**	**52,752**	**32,095**	**572,789**
Capital expenditures	**9,305**	**207**	**1,409**	**608**	**1,672**	**13,201**
Railcar expenditures	**—**	**127,724**	**—**	**—**	**—**	**127,724**
Acquisition of intangibles related to railcars	**—**	**3,620**	**—**	**—**	**—**	**3,620**
Investment in affiliate	**675**	**—**	**—**	**—**	**—**	**675**
Depreciation and amortization	**6,244**	**9,115**	**2,282**	**2,398**	**1,396**	**21,435**

2003	Agriculture	Rail	Processing	Retail	Other	Total
Revenues from external customers	$ 899,174	$ 35,200	$ 134,017	$ 178,573	$ —	$ 1,246,964
Inter-segment sales	12,280	914	1,146	—	—	14,340
Other income (net)	2,128	90	1,007	835	641	4,701
Equity in net income of investees – equity method	390	—	(43)	—	—	347
Interest expense (income) (a)	5,134	925	1,906	1,320	(1,237)	8,048
Operating income (loss)	13,868	4,062	1,022	3,413	(4,400)	17,965
Identifiable assets	272,229	50,263	83,577	55,526	31,024	492,619
Capital expenditures	7,507	558	1,262	1,397	1,025	11,749
Railcar expenditures	—	20,498	—	—	—	20,498
Investment in affiliate	1,182	—	—	—	—	1,182
Depreciation and amortization	5,986	3,064	2,272	2,470	1,347	15,139

2002	Agriculture	Rail	Processing	Retail	Other	Total
Revenues from external customers	$ 762,268	$ 18,747	$ 114,315	$ 181,197	—	$ 1,076,527
Inter-segment sales	8,330	877	1,216	—	—	10,423
Other income (net)	1,299	41	529	685	872	3,426
Equity in net income of investees – equity method	41	—	(28)	—	—	13
Gain on insurance settlement	—	—	—	—	302	302
Interest expense (income) (a)	5,772	1,068	2,333	1,546	(907)	9,812
Operating income (loss)	15,154	1,563	(1,322)	4,003	(3,396)	16,002
Cumulative effect of change in accounting principle, net of tax effect	3,480	—	—	—	—	3,480
Identifiable assets	263,651	35,378	85,140	57,046	28,003	469,218
Capital expenditures	5,760	199	832	1,694	1,349	9,834
Railcar expenditures	—	8,203	—	—	—	8,203
Depreciation and amortization	5,950	2,525	2,263	2,415	1,161	14,314

(a) The interest income reported in the Other segment includes net interest income at the corporate level. These amounts result from a rate differential between the interest rate on which interest is allocated to the operating segments and the actual rate at which borrowings are made.

Grain sales for export to foreign markets amounted to approximately $213 million, $181 million and $149 million in 2004, 2003 and 2002, respectively. Revenues from leased railcars in Canada and Mexico totaled $8.0 million and $0.5 million, respectively, in 2004.

Grain sales of $144 million, $197 million and $154 million in 2004, 2003, and 2002, respectively, were made to Cargill, Inc.

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14. Quarterly Consolidated Financial Information (Unaudited)

The following is a summary of the unaudited quarterly results of operations for 2004 and 2003.

(in thousands, except for per common share data)

Quarter Ended	Net Sales	Gross Profit	Net Income (Loss) Amount	Net Income (Loss) Per Share-Basic
2004				
March 31	**$ 275,050**	**$ 36,062**	**$ (246)**	**$ (0.03)**
June 30	**375,899**	**56,068**	**10,062**	**1.39**
September 30	**250,682**	**40,740**	**1,048**	**0.14**
December 31	**373,642**	**56,229**	**8,280**	**1.14**
Year	**$ 1,275,273**	**$ 189,099**	**$ 19,144**	**2.64**
2003				
March 31	$ 238,651	$ 32,883	$ (481)	$ (0.07)
June 30	312,150	47,729	7,793	1.09
September 30	253,027	30,238	(2,348)	(0.33)
December 31	443,136	53,244	6,737	0.94
Year	$ 1,246,964	$ 164,094	$ 11,701	1.64

Item 9.Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

The Company is not organized with one Chief Financial Officer. Our Vice President, Controller and CIO is responsible for all accounting and information technology decisions while our Vice President, Finance and Treasurer is responsible for all treasury functions and financing decisions. Each of them, along with the President and Chief Executive Officer ("Certifying Officers"), are responsible for evaluating our disclosure controls and procedures. These named Certifying Officers have evaluated our disclosure controls and procedures as defined in the rules of the Securities and Exchange Commission, as of December 31, 2004 and have determined that such controls and procedures were effective in ensuring that material information required to be disclosed by the Company in the reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Management's Report on Internal Control over Financial Reporting is included in Item 8 on page 40. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004 has been audited by PricewaterhouseCoopers LLP,

an independent registered public accounting firm, as stated in their report which is also in Item 8 on page 41.

There were no significant changes in internal control over financial reporting that occurred during the fourth quarter of 2004, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant

For information with respect to the executive officers of the registrant, see "Executive Officers of the Registrant" included in Part I, Item 4a of this report. For information with respect to the Directors of the registrant, see "Election of Directors" in the Proxy Statement for the Annual Meeting of the Shareholders to be held on May 6, 2005 (the "Proxy Statement"), which is incorporated herein by reference; for information concerning 1934 Securities and Exchange Act Section 16(a) Compliance, see such section in the Proxy Statement, incorporated herein by reference.

Item 11. Executive Compensation

The information set forth under the caption "Executive Compensation" in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under the caption "Share Ownership" and "Executive Compensation – Equity Compensation Plan Information" in the Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

None

Item 14. Principal Accountant Fees and Services

The information set forth under "Appointment of Independent Registered Public Accounting Firm" in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1) The consolidated financial statements of the Company are set forth under Item 8 of this report on Form 10-K

(2) The following consolidated financial statement schedule is included in Item 15(d):

	Page
II. Consolidated Valuation and Qualifying Accounts - years ended December 31, 2004, 2003 and 2002	83

All other schedules for which provisions are made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are not applicable, and therefore have been omitted.

(3) Exhibits:

2.1 Agreement and Plan of Merger, dated April 28, 1995 and amended as of September 26, 1995, by and between The Andersons Management Corp. and The Andersons. (Incorporated by reference to Exhibit 2.1 to Registration Statement No. 33-58963).

3.1 Articles of Incorporation. (Incorporated by reference to Exhibit 3(d) to Registration Statement No. 33-16936).

3.4 Code of Regulations of The Andersons, Inc. (Incorporated by reference to Exhibit 3.4 to Registration Statement No. 33-58963).

4.3 Specimen Common Share Certificate. (Incorporated by reference to Exhibit 4.1 to Registration Statement No. 33-58963).

4.4 The Seventeenth Supplemental Indenture dated as of August 14, 1997, between The Andersons, Inc. and The Fifth Third Bank, successor Trustee to an Indenture between The Andersons and Ohio Citizens Bank, dated as of October 1, 1985. (Incorporated by reference to Exhibit 4.4 to The Andersons, Inc. the 1998 Annual Report on Form 10-K).

4.5 Loan Agreement dated October 30, 2002 and amendments through the sixth amendment dated September 27, 2004 between The Andersons, Inc., the banks listed therein and U.S. Bank National Association as Administrative Agent.

10.1 Management Performance Program. * (Incorporated by reference to Exhibit 10(a) to the Predecessor Partnership's Form 10-K dated December 31, 1990, File No. 2-55070).

10.2 The Andersons, Inc. Amended and Restated Long-Term Performance Compensation Plan * (Incorporated by reference to Appendix A to the Proxy Statement for the April 25, 2002 Annual Meeting).

10.3 The Andersons, Inc. 2004 Employee Share Purchase Plan * (Incorporated by reference to Appendix B to the Proxy Statement for the May 13, 2004 Annual Meeting).

10.4 Marketing Agreement between The Andersons, Inc. and Cargill, Incorporated dated June 1, 1998 (Incorporated by reference from Form 10-Q for the quarter ended June 30, 2003)

10.5 Lease and Sublease between Cargill, Incorporated and The Andersons, Inc. dated June 1, 1998 (Incorporated by reference from Form 10-Q for the quarter ended June 30, 2003)

10.6 Amended and Restated Marketing Agreement between The Andersons, Inc.; The Andersons Agriculture Group LP; and Cargill, Incorporated dated June 1, 2003 (Incorporated by reference from Form 10-Q for the quarter ended June 30, 2003)

10.7 Amendment to Lease and Sublease between Cargill, Incorporated; the Andersons Agriculture Group LP; and The Andersons, Inc. dated July 10, 2003 (Incorporated by reference from Form 10-Q for the quarter ended June 30, 2003)

10.8 Amended and Restated Asset Purchase agreement by and among Progress Rail Services and related entities and Cap Acquire LLC, Cap Acquire Canada ULC and Cap Acquire Mexico S. de R.L. de C.V. (Incorporated by reference from Form 8-K filed February 27, 2004)

10.9 Indenture between NARCAT LLC, CARCAT ULC, and NARCAT Mexico S. de R.L. de C.V. (Issuers) and Wells Fargo Bank, National Association (Indenture Trustee) dated February 12, 2004. (Incorporated by reference from Form 10-K for the year ended December 31, 2003)

10.10 Management Agreement between NARCAT LLC, CARCAT ULC, and NARCAT Mexico S. de R.L. de C.V. (the Companies), The Andersons, Inc. (the Manager) and Wells Fargo Bank, National Association (Indenture Trustee and Backup Manager) dated February 12, 2004. (Incorporated by reference from Form 10-K for the year ended December 31, 2003)

10.11 Servicing Agreement between NARCAT LLC, CARCAT ULC, and NARCAT Mexico S. de R.L. de C.V. (the Companies), The Andersons, Inc. (the Servicer) and Wells Fargo Bank, National Association (Indenture Trustee and Backup Servicer) dated February 12, 2004. (Incorporated by reference from Form 10-K for the year ended December 31, 2003)

21 Subsidiaries of The Andersons, Inc.

23 Consent of Independent Registered Public Accounting Firm

31.1 Certification of President and Chief Executive Officer under Rule 13(a)-14(a)/15d-14(a)

31.2 Certification of Vice President, Controller & CIO under Rule 13(a)-14(a)/15d-14(a)

31.3 Certification of Vice President, Finance and Treasurer under Rule 13(a)-14(a)/15d-14(a)

32.1 Section 1350 Certifications

* Management contract or compensatory plan.

The Company agrees to furnish to the Securities and Exchange Commission a copy of any long-term debt instrument or loan agreement that it may request.

(b) Reports on Form 8-K:

A report on Form 8-K was filed on November 3, 2004 which contained the Company's third quarter press release.

(c) Exhibits:

The exhibits listed in Item 15(a)(3) of this report, and not incorporated by reference, follow "Financial Statement Schedule" referred to in (d) below.

(d) Financial Statement Schedule

The financial statement schedule listed in 15(a)(2) follows "Signatures."

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE ANDERSONS, INC. (Registrant)

By /s/Michael J. Anderson
Michael J. Anderson
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date	Signature	Title	Date
/s/Michael J. Anderson Michael J. Anderson	President and Chief Executive Officer (Principal Executive Officer)	3/14/05	/s/Paul M. Kraus Paul M. Kraus	Director	3/14/05
/s/Richard R. George Richard R. George	Vice President, Controller & CIO (Principal Accounting Officer)	3/14/05	/s/Donald L. Mennel Donald L. Mennel	Director	3/14/05
/s/Gary L. Smith Gary L. Smith	Vice President, Finance & Treasurer (Principal Financial Officer)	3/14/05	/s/David L. Nichols David L. Nichols	Director	3/14/05
/s/Richard P. Anderson Richard P. Anderson	Chairman of the Board Director	3/14/05	/s/Sidney A. Ribeau Sidney A. Ribeau	Director	3/14/05
/s/Thomas H. Anderson Thomas H. Anderson	Director	3/14/05	/s/Charles A. Sullivan Charles A. Sullivan	Director	3/14/05
/s/John F. Barrett John F. Barrett	Director	3/14/05	/s/Jacqueline F. Woods Jacqueline F. Woods	Director	3/14/05

THE ANDERSONS, INC.
SCHEDULE II - CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

(in thousands) Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts –	(1) Deductions	Balance at End of Period
Allowance for Doubtful Accounts Receivable– Year ended December 31					
2004	$ 2,274	$ 240	$ —	$ 378	$ 2,136
2003	3,014	319	—	1,059	2,274
2002	2,701	514	—	201	3,014
Allowance for Doubtful Notes Receivable – Year ended December 31					
2004	$ 259	$ (39)	$ —	$ 47	$ 173
2003	222	37	—	—	259
2002	472	(161)	—	89	222

(1) Uncollectible accounts written off, net of recoveries and adjustments to estimates for the allowance for doubtful accounts.

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THE ANDERSONS, INC.

EXHIBIT INDEX

Exhibit Number	
4.5	Loan Agreement dated October 30, 2002 and amendments through the sixth amendment dated September 27, 2004 between The Andersons, Inc., the banks listed therein and U.S. Bank National Association as Administrative Agent.
21	Subsidiaries of The Andersons, Inc.
23	Consent of Independent Registered Public Accounting Firm
31.1	Certification of President and Chief Executive Officer under Rule 13(a)-14(a)/15d-14(a)
31.2	Certification of Vice President, Controller & CIO under Rule 13(a)-14(a)/15d-14(a)
31.3	Certification of Vice President, Finance and Treasurer under Rule 13(a)-14(a)/15d-14(a)
32.1	Section 1350 Certifications

EXHIBIT 4.5

LOAN AGREEMENT

THIS LOAN AGREEMENT (as amended, modified, supplemented, renewed or restated from time to time, the "AGREEMENT") is made this 30th day of October, 2002, by and between THE ANDERSONS, INC., an Ohio corporation ("BORROWER"), the financial institutions listed on the signature pages hereof and each other financial institution that may hereafter become a party hereto in accordance with the provisions hereof (collectively the "LENDERS" and individually a "LENDER") and U.S. BANK NATIONAL ASSOCIATION, a national banking association ("U.S. BANK"), in its capacity as Agent for the Lenders and for the Issuer (in such capacity, the "AGENT").

RECITAL

Borrower has requested that the Agent and the Lenders make loans, advances, extensions of credit and/or other financial accommodations to or for the benefit of Borrower, and the Agent and the Lenders are willing to do so on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the terms and conditions contained in this Agreement, and of any loans or extensions of credit or other financial accommodations at any time made to or for the benefit of Borrower by the Agent and the Lenders, Borrower, the Agent and the Lenders agree as follows:

1 DEFINITIONS.

1.1 GENERAL DEFINITIONS. When used herein, the following capitalized terms shall have the meanings indicated, whether used in the singular or the plural:

"ACCOUNTS" shall mean all present and future rights of Borrower and its consolidated subsidiaries to payment for Inventory or other Goods sold or leased or for services rendered, which rights are not evidenced by Instruments or Chattel Paper, regardless of whether such rights have been earned by performance and any other "accounts" (as defined in the Code).

"ACCOUNT DEBTOR" shall mean any Person that is obligated on or under an Account.

"AFFILIATE" shall mean any Person other than Borrower and its consolidated subsidiaries: (a) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, Borrower or its consolidated subsidiaries; (b) that directly or beneficially owns or holds twenty five percent (25%) or more of any class of the voting equity interest of Borrower or its consolidated subsidiaries; (c) twenty five percent (25%) or more of the voting equity interest of which is owned directly or beneficially or held by Borrower or its consolidated subsidiaries; or (d) that is a director, officer, agent or employee of Borrower or its consolidated subsidiaries.

"AGENT" has the meaning set forth in the introduction and shall include any successor to the Agent that has been appointed in accordance with Section 9.11.

"AGENT'S LETTER" shall mean the letter agreement between Borrower and the Agent of substantially even date with this Agreement.

"APPLICABLE MARGIN" shall mean with respect to Swing Line Advances, Line of Credit A Advances or Line of Credit B Advances which are Daily Reset LIBOR Rate Loans, Base Rate Loans or LIBOR Rate Loans, Commitment Fees for the Line of Credit A Loan Commitments (referred to below under "Line A"), Commitment Fees for the Line of Credit B Loan Commitments (referred to below under "Line B"), Standby LC Fees and Commercial LC Fees, the rates per annum set forth below for the then applicable Financial Performance Level:

Swing Line Advances, Line of Credit A Advances and Commitment Fees Line A:

The initial Financial Performance Level shall be Level 3. The Agent will review Borrower's financial performance as of each fiscal quarter end, beginning with fiscal quarter end December 31, 2002, after its receipt of Borrower's financial statements and Compliance Certificate as of the end of such fiscal quarter, and will confirm Borrower's determination as to whether Borrower's Financial Performance Level based on such fiscal quarter is Level 1, Level 2, Level 3, Level 4 or Level 5. As so confirmed by the Agent, Borrower's Financial Performance Level will determine the Applicable Margin effective for Swing Line Advances, Line of Credit A Advances, the Commitment Fees for the Line of Credit A Loan Commitments, Commitment Fees for the Line of Credit B Loan Commitments (Line B), Standby LC Fees and Commercial LC Fees for the three month period beginning on the first Business Day of the third month following the end of such fiscal quarter if the Agent receives such quarter end financial statements prior to the last five (5) Business Days of the second month following the end of such fiscal quarter. If the Agent receives such quarter end financial statements during or after the last five (5) Business Days of the second month following the end of such fiscal quarter (but prior to the end of the third month following the end of such fiscal quarter), any reduction in the Applicable Margin will be delayed until the tenth day of the month following the month in which the Agent receives such quarter end financial statements, but any increase in the Applicable Margin will be effective as of the first Business Day of the third month following the end of such fiscal quarter. If the Agent does not receive such quarter end statements prior to the end of the third month following the end of such fiscal quarter, Borrower's Financial Performance Level shall be deemed to be Level 1 beginning with the tenth day of the fourth month following the end of such fiscal quarter and shall remain at Level 1 until the 15th Business Day after such financial statements are received by the Agent and a determination by the Agent that a different Financial Level shall apply during the remainder of the three month period.

"AVAILABLE AMOUNT A" shall mean, at any time, an amount equal to the lesser of (a) (i) the Line of Credit A Loan Commitments minus (ii) the aggregate principal amount of the Line of Credit A Loan Liabilities, and (b) the Borrowing Base Limit.

"AVAILABLE AMOUNT B" shall mean, at any time, an amount equal to the lesser of (a) (i)

the Line of Credit B Loan Commitments minus (ii) the sum of (A) the aggregate principal amount of the Line of Credit B Loan Liabilities, and (B) the aggregate amount of the LC Obligations, and (b) the Borrowing Base Limit.

"BASE RATE" shall mean the greater of (a) the Prime Rate or (b) the Federal Funds Rate plus one half of one percent (.5%).

"BASE RATE LOAN" shall mean any Loan that bears interest at the Base Rate plus the Applicable Margin.

"BORROWING BASE" shall mean an amount determined and computed as set forth in Exhibit 1A.

"BORROWING BASE CERTIFICATE" shall mean a certificate substantially in the form of Exhibit 1B, signed as indicated thereon, setting forth the amount of Borrower's Borrowing Base.

"BORROWING BASE LIMIT" shall mean, at any time, an amount equal to (a) the Borrowing Base minus (b) the sum of (i) the aggregate principal amount of the Line of Credit A Loan Liabilities, (ii) the aggregate principal amount of the Line of Credit B Loan Liabilities, and (iii) the aggregate amount of the LC Obligations.

"BUSINESS DAY" shall mean any day of the year on which commercial banks in New York, New York are not required or authorized to close.

"CAPITALIZATION" shall mean, as of any particular date, (a) Borrower's Tangible Net Worth, (b) plus Total Adjusted Funded Debt.

"CHANGE OF CONTROL" shall mean, (a) as to Borrower, (i) the voting stock of Borrower shall cease to be publicly traded, or (ii) more than 50% of the voting stock of Borrower is owned or controlled, directly or indirectly by one Person or an affiliated group of Persons, and (b) as to any consolidated subsidiary of Borrower, existing as such on the date of this Agreement, the voting stock or voting or controlling equity interest of such consolidated subsidiary shall cease to be wholly owned by Borrower, except as the result of a merger or asset consolidation with another consolidated subsidiary of Borrower.

"CLOSING DATE" shall mean the date of this Agreement.

"COMMERCIAL LETTER OF CREDIT" shall mean any commercial letter of credit issued for the account of Borrower under this Agreement.

"COMMITMENT" shall mean, as to any Lender, such Lender's Line of Credit A Loan Commitment and Line of Credit B Loan Commitment, the Agent's commitment to make Swing Line Advances under the Line of Credit A and the Agent's commitment to cause the issuance of Letters under the Line of Credit B, and "COMMITMENTS" shall mean collectively, such Commitments for all the Lenders and the Agent.

"CURRENT RATIO NET OF HEDGED INVENTORY" shall mean, for any date of determination, the ratio of Borrower's: (a) (i) consolidated current assets, (ii) minus the book value of Hedged Inventory, (iii) minus the net liquidation value of related Margin Accounts; divided by (b) (i) consolidated current liabilities, (ii) minus the book value of Hedged Inventory, (iii) minus the net liquidation value of related Margin Accounts.

"DAILY RESET LIBOR RATE" shall mean, the one-month LIBOR rate quoted by the Agent from Telerate Page 3750 or any successor thereto, which shall be that one-month LIBOR rate in effect and reset each Business Day.

"DAILY RESET LIBOR RATE LOAN" shall mean any Loan that bears interest at the Daily Reset LIBOR Rate plus the Applicable Margin.

"DEBT TO CAPITALIZATION RATIO" shall mean, as of any particular date, (a) Total Adjusted Funded Debt, divided by (b) Capitalization.

"DEFAULT" shall mean the occurrence or existence of: (a) an event which, through the passage of time or the service of notice or both, would (assuming no action is taken by Borrower or any other Person to cure the same) mature into a Matured Default; or (b) an event which requires neither the passage of time nor the service of notice to mature into a Matured Default.

"DIRECT PAY LETTER OF CREDIT" shall mean any direct pay letter of credit issued for the account of Borrower under this Agreement.

"DOLLARS" and "$" shall mean lawful currency of the United States of America.

"EXISTING LETTERS OF CREDIT" shall mean: (i) the direct pay letter of credit issued by U.S. Bank to The Bank of New York Trust Company of Florida, N.A., as Trustee, for the account of Borrower, dated November 23, 1999, in the original face amount of $4,796,507, and (ii) the direct pay letter of credit issued by Harris Trust and Savings Bank to J.P. Morgan Trust Company, National Association, for the account of Borrower, dated March 6, 2002, in the original face amount of $3,256,700.

"FARM PRODUCTS" shall mean all personal property owned by Borrower and its consolidated subsidiaries used or for use in farming or livestock operations, including without limitation, seed and harvested or un-harvested crops of all types and descriptions, whether annual or perennial and including trees, vines and the crops growing thereon, native grass, grain, feed, feed additives, feed ingredients, feed supplements, fertilizer, hay, silage, supplies (including without limitation, chemicals, veterinary supplies and related Goods), livestock of all types and descriptions (including without limitation, the offspring of such livestock and livestock in gestation) and any other "farm products" (as defined in the Code).

"FEDERAL FUNDS RATE" shall mean, for any day, the rate of interest per annum (rounded upward, if necessary, to the nearest whole multiple of 1/100th of 1%) equal to the weighted

average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on such day, or if no such rate is so published on such day, on the most recent day preceding such day on which such rate is so published.

"FINANCIAL PERFORMANCE LEVEL" shall mean the applicable level of Borrower's financial performance determined in accordance with the table and paragraph set forth below.

"FINANCING AGREEMENTS" shall mean all agreements, instruments and documents, including without limitation, this Agreement and all notes, letter of credit applications, guarantees, consents, assignments, contracts, notices and all other written matter at any time executed by or on behalf of Borrower and delivered to the Agent for the benefit of the Lenders in relation to this Agreement, together with all amendments and all agreements and documents referred to therein or contemplated thereby.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including without limitation, any arbitration panel, any court, any commission, any agency or any instrumentality of the foregoing.

"GOVERNMENTAL REQUIREMENT" shall mean any law, statute, code, ordinance, order, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement of any federal, state, county, municipal, parish, provincial or other Governmental Authority or any department, commission, board, court, agency or any other instrumentality of any of them (including any of the foregoing that relate to environmental standards or controls and occupational safety and health standards or controls).

"HEDGED INVENTORY" shall mean Inventory consisting of grain that is hedged against price fluctuation using traditionally recognized methods of hedging, including, but not limited to, futures contracts, placed through a recognized commodities broker.

"HIGHEST LAWFUL RATE" shall mean, with respect to each Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged, or received with respect to the Notes or on other amounts, if any, payable to such Lender pursuant to this Agreement or any other Financing Agreement, under laws applicable to such Lender which are presently in effect, or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum non-usurious interest rate than applicable laws now allow.

"IMMEDIATELY AVAILABLE FUNDS" shall mean: funds with good value on the day and in the city in which payment is received.

"INTEREST PERIOD" shall mean: (a) with respect to LIBOR Rate Loans, the period of time for which the LIBOR Rate shall be in effect as to any LIBOR Rate Loan and which shall be a seven day or one, two, three or six month period of time, commencing with the borrowing date of the LIBOR Rate Loan or the expiration date of the immediately preceding Interest Period, as the case may be, applicable to and ending on the effective date of any rate change or rate continuation made as provided in Section 2.2 as Borrower may specify in the notice of borrowing delivered pursuant to Section 2.2 or the notice of interest conversion delivered pursuant to Section 2.2; provided however, that (b) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (c) no Interest Period shall extend beyond the Maturity Date; and (d) there shall be no more than fifteen (15) Interest Periods for LIBOR Rate Loans at any one time.

"INVENTORY" shall mean any and all Goods which shall at any time constitute "inventory" (as defined in the Code) or Farm Products owned by Borrower and its consolidated subsidiaries, wherever located (including without limitation, Goods in transit and Goods in the possession of third parties), or which from time to time are held for sale, lease or consumption in Borrower's business, furnished under any contract of service or held as raw materials, work in process, finished inventory or supplies (including without limitation, packaging and/or shipping materials).

"IRC" shall mean the Internal Revenue Code of 1986, as amended, as at any time in effect, together with all regulations and rulings thereof or thereunder issued by the Internal Revenue Service.

"ISSUER" shall mean any party that issues a Letter pursuant to this Agreement.

"LC OBLIGATIONS" shall mean, at any time, an amount equal to the aggregate undrawn and unexpired amount of the outstanding Letters, together with the aggregate amount of any unpaid reimbursement obligations with respect to any Letters.

"LETTER" or "LETTERS" shall mean any Commercial Letter of Credit or Standby Letter of Credit issued for the account of Borrower pursuant to Section 2.1.4 (which shall be deemed to include the Existing Letters of Credit) or all of such letters of credit, respectively.

"LIABILITIES" shall mean any and all liabilities, obligations and indebtedness of Borrower to any Lender or Issuer of any and every kind and nature, at any time owing, arising, due or payable and howsoever evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise (including without limitation LC Obligations,

fees, charges and obligations of performance) and arising or existing under this Agreement or any of the other Financing Agreements.

"LIBOR RATE" shall mean, with respect to each day during each Interest Period applicable to a LIBOR Rate Advance, the seven day or one, two, three or six month LIBOR rate quoted by the Agent from Telerate Page 3750 or any successor thereto (which shall be the LIBOR rate in effect two Business Days prior to the LIBOR Rate Loan) rounded up to the nearest one sixteenth of one percent.

"LIBOR RATE LOAN" shall mean any Loan that bears interest at the LIBOR Rate plus the Applicable Margin.

"LINE OF CREDIT A LOAN COMMITMENT" shall mean as to any Lender, such Lender's Pro Rata Percentage of $150,000,000, as set forth opposite such Lender's name under the heading "Line of Credit A Loan Commitments" on Schedule A, subject to Assignment and Acceptance in accordance with Section 10.23, and as such amount may be reduced or terminated from time to time pursuant to Sections 2.3(c), 2.8 or 9.1; and "LINE OF CREDIT A LOAN COMMITMENTS" shall mean collectively, the Line of Credit A Loan Commitments for all the Lenders.

"LINE OF CREDIT B LOAN COMMITMENT" shall mean as to any Lender, such Lender's Pro Rata Percentage of $50,000,000, as set forth opposite such Lender's name under the heading " Line of Credit B Loan Commitments" on Schedule A, subject to Assignment and Acceptance in accordance with Section 10.23, and as such amount may be reduced or terminated from time to time pursuant to Sections 2.3(c), 2.8 or 9.1; and "LINE OF CREDIT B LOAN COMMITMENTS" shall mean collectively, the Line of Credit B Loan Commitments for all the Lenders.

"LINE OF CREDIT A LOAN LIABILITIES" shall mean all of the Liabilities other than: (a) the LC Obligations; and (b) the principal and interest owing under the Line of Credit B.

"LINE OF CREDIT B LOAN LIABILITIES" shall mean the principal and interest owing under the Line of Credit B.

"MARGIN ACCOUNTS" shall mean, collectively, all Commodity Accounts and all Commodity Contracts maintained by Borrower and its consolidated subsidiaries with respect to Hedged Inventory.

"MATURED DEFAULT" shall mean the occurrence or existence of any one or more of the following events: (a) Borrower fails to pay any principal pursuant to any of the Financing Agreements on the day such principal becomes due or is declared due or Borrower fails to pay any interest pursuant to any of the Financing Agreements on or before five (5) days after such interest becomes due or is declared due; (b) Borrower fails to pay any of the Liabilities (other than principal and interest) on or before ten (10) days after such Liabilities become due or are declared due; (c) a Change of Control shall occur; (d) Borrower or any consolidated subsidiary of Borrower fails or neglects to perform, keep or observe any of the covenants, conditions, promises or agreements contained in this Agreement or in any of the other Financing

Agreements (other than those covenants, conditions, promises and agreements referred to or covered in (a), (b), and (c) above), and such failure or neglect continues for more than thirty (30) days after such failure or neglect first occurs; (e) the Available Amount or the Borrowing Base Limit, as calculated in accordance with the definitions thereof, result in a negative amount; (f) any warranty or representation at any time made by or on behalf of Borrower in connection with this Agreement or any of the other Financing Agreements is untrue or incorrect in any material respect, or any schedule, certificate, statement, report, financial data, notice, or writing furnished at any time by or on behalf of Borrower to the Agent or any other Lender is untrue or incorrect in any material respect on the date as of which the facts set forth therein are stated or certified; (g) a judgment in excess of $5,000,000 is rendered against Borrower or any guarantor of any of the Liabilities and such judgment remains unsatisfied or un-discharged and in effect for sixty (60) consecutive days without a stay of enforcement or execution, provided, however, that this clause (g) shall not apply to any judgment for which Borrower is fully insured (through insurance policies and/or self insurance reserves); (h) all or any material part of the assets of Borrower or any guarantor of any of the Liabilities come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors; (i) a proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt or receivership law or statute is filed against Borrower or any guarantor of any of the Liabilities and such proceeding is not dismissed within thirty (30) days of the date of its filing, or a proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt or receivership law or statute is filed by Borrower or any guarantor of any of the Liabilities, or Borrower or any guarantor of any of the Liabilities makes an assignment for the benefit of creditors; (j) Borrower or any guarantor of any of the Liabilities voluntarily or involuntarily dissolves or is dissolved, terminates or is terminated; (k) Borrower or any consolidated subsidiary of Borrower is enjoined, restrained, or in any way prevented by the order of any court or any administrative or regulatory agency or by the termination or expiration of any permit or license, from conducting all or any material part of its business affairs; (l) Borrower or any guarantor of any of the Liabilities fails to make any payment due or otherwise defaults on any other obligation for borrowed money and the effect of such failure or default is to cause or permit the holder of such obligation or a trustee to cause such obligation to become due prior to its date of maturity; (m) any guarantor of any of the Liabilities asserts the invalidity of their guaranty, purports to terminate their guaranty or purports to limit the application thereof to then existing Liabilities; or (n) the Agent, at any time reasonably determines that the Lenders are insecure with respect to the prompt payment of all or any part of the Liabilities, or that such change has occurred in the condition or affairs (financial or otherwise) of Borrower or any of Borrower's Affiliates as, in the reasonable opinion of the Agent, materially affects Borrower's ability to make prompt payment on the Liabilities.

"MATURITY DATE" shall mean, as applicable, the earlier of: (a) as to the Swing Line or the Line of Credit A, October 29, 2003; (b) as to the Line of Credit B and LC Obligations, October 30, 2005; and (c) in all cases, the earlier date of termination in whole of the Commitments pursuant to Sections 2.3(c), 2.8 or 9.1.

"NOTE" or "NOTES" shall mean any one of the Line of Credit A Notes or the Line of Credit B Notes or all of the Line of Credit A Notes or the Line of Credit B Notes, respectively.

"PERSON" shall mean any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government (whether national, federal, state, provincial, county, city, municipal or otherwise, including without limitation, any instrumentality, division, agency, body or department thereof).

"PRIME RATE" shall mean the prime rate announced by the Agent from time to time, which is a base rate that the Agent from time to time establishes and which serves as the basis upon which effective rates of interest are calculated for those loans which make reference thereto. The Prime Rate is not necessarily the lowest rate offered by the Agent. With respect to Base Rate Loans, each change in the rate of interest hereunder shall become effective on the date each Prime Rate change is announced by the Agent or with each change in the Federal Funds Rate, as the case may be.

"PRODUCER PAYABLES" shall mean all amounts at any time payable by Borrower and its consolidated subsidiaries for the purchase of Inventory.

"PROPERTY" shall mean those premises owned or operated by Borrower and its consolidated subsidiaries.

"PRO RATA PERCENTAGE" shall mean with respect to any Lender, a fraction (expressed as a percentage), the numerator of which shall be sum of the amount of such Lender's Line of Credit A Loan Commitment and Line of Credit B Loan Commitment, respectively, and the denominator of which shall be the aggregate amount of all the Line of Credit A Loan Commitments and Line of Credit B Loan Commitments of the Lenders, respectively, as adjusted from time to time in accordance with Section 10.23.

"REQUIRED LENDERS" shall mean, at any time Lenders holding in the aggregate at least fifty one percent (51%) of the aggregate amount of all of the Lenders' Commitments.

"STANDBY LETTER OF CREDIT" shall mean any standby letter of credit issued for the account of Borrower under this Agreement and shall be deemed to include any Direct Pay Letter of Credit.

"TANGIBLE NET WORTH" shall mean, as of any particular date, (a) Borrower's consolidated net worth, (b) minus the consolidated book value of Borrower's intangible assets, (c) plus the consolidated book amount of Borrower's deferred income.

"TOTAL ADJUSTED FUNDED DEBT" shall mean as of any particular date (a) Borrower's consolidated long term debt, (b) plus the current maturities of Borrower's consolidated long term debt, (c) plus, to the extent not included in a. or b., the Liabilities, (d) minus, to the extent included in a. or b., non-recourse debt, (e) minus the Base Amount for Grain.

"TYPE" shall mean, with respect to any Loan, whether such Loan is a Base Rate Loan or a LIBOR Rate Loan.

"WORKING CAPITAL" shall mean as of any particular date, (a) Borrower's consolidated current assets, (b) minus Borrower's consolidated current liabilities.

1.2 INDEX TO OTHER DEFINITIONS. When used herein, the following capitalized terms shall have the meanings given in the indicated portions of this Agreement:

TERM	LOCATION
Advance, Advances	Section 2.1.5
Agreement	introduction
Application	Section 2.1.4
Assignee	Section 10.23
Assignment and Acceptance	Section 10.23
Base Amount for Grain	Exhibit 1A (Borrowing Base Computation)
Beneficiary	Section 2.1.4
Benefit Plans	Section 6.20
Borrower	introduction
Code	Section 1.4
Commercial LC Fee	Section 2.5(d)
Commitment Fees	Section 2.5(c)
Compliance Certificate	Section 7.1
Default Rate	Section 2.2(c)
Eligible Accounts	Section 3.1
Eligible Inventory	Section 3.2
Environmental Laws	Section 6.10
Equalization Transfer	Section 2.1.5
ERISA	Section 6.20
Excess	Section 10.24
Lenders	introduction
Line of Credit A	Section 2.1.2
Line of Credit A Advances	Section 2.1.2
Line of Credit A Notes	Section 2.1.2
Line of Credit B	Section 2.1.3
Line of Credit B Advances	Section 2.1.3
Line of Credit B Notes	Section 2.1.3
Loan Account	Section 2.6
Loan, Loans	Section 2.1.5
Purchasing Lender	Section 2.1.5
Replacement Candidate	Section 10.32
Securities Act	Section 10.33
Selling Lender	Section 2.1.5
Standby LC Fee	Section 2.5(d)
Swing Line	Section 2.1.1

Swing Line Advances	Section 2.1.1
Taxes	Section 10.22
UCP	Section 2.1.4

1.3 ACCOUNTING TERMS. Any accounting terms used in this Agreement which are not specifically defined in this Agreement shall have the meanings customarily given them in accordance with GAAP, as consistently applied as of the date of this Agreement.

1.4 OTHERS DEFINED IN COLORADO UNIFORM COMMERCIAL CODE. All other terms contained in this Agreement (which are not specifically defined in this Agreement) shall have the meanings set forth in the Uniform Commercial Code of Colorado ("CODE") to the extent the same are used or defined therein, specifically including, but not limited to the following: Chattel Paper, Commercial Tort Claims, Commodity Accounts, Commodity Contracts, Electronic Chattel Paper, Goods, Instruments, Investment Property, Letter of Credit Rights, General Intangibles, Payment Intangibles, Securities Accounts and Tangible Chattel Paper.

2 LOANS, LETTERS OF CREDIT AND FEES.

2.1 LOANS AND LETTERS OF CREDIT. Subject to all of the terms and conditions contained in this Agreement, the Agent and the Lenders severally and not jointly agree to make the following extensions of credit to or for the benefit of Borrower:

2.1.1 SWING LINE. The Agent agrees to make advances ("SWING LINE ADVANCES") to Borrower from time to time on any one or more Business Days from and after the date of this Agreement, upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the Business Day of any proposed Advance, through and including the Maturity Date, in amounts up to the lesser of: (a) Twenty Million Dollars ($20,000,000) minus the outstanding Swing Line Advances; or (b) the Available Amount A ("SWING LINE"). The Swing Line Advances shall be evidenced by and repayable in accordance with the terms of Borrower's Line of Credit A Note to the Agent. The Agent, upon the written approval of the Required Lenders, may elect to make Swing Line Advances to Borrower in excess of the dollar amount stated above (but not in excess of the Available Amount), and any such Swing Line Advances shall also be governed by the terms hereof.

2.1.2 LINE OF CREDIT A. Each Lender severally agrees to make advances ("LINE OF CREDIT A ADVANCES") to Borrower from time to time on any one or more Business Days from and after the date of this Agreement (through the Agent as set forth in Section 2.1.5 or Section 2.2(f)), upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the third Business Day prior to the date of any proposed LIBOR Rate Loan or upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the first Business Day prior to the date of any proposed Base Rate Loan, up to an aggregate principal amount not exceeding each such Lender's Pro Rata Percentage

of the Available Amount A on such Business Day through the Maturity Date, in aggregate amounts up to the Available Amount A ("LINE OF CREDIT A"). The Line of Credit A Advances shall be evidenced by and repayable in accordance with the terms of Borrower's promissory notes to each of the Lenders ("LINE OF CREDIT A NOTES"), the form of which is attached as Exhibit 2A.

2.1.3 LINE OF CREDIT B. Each Lender severally agrees to make advances ("LINE OF CREDIT B ADVANCES") to Borrower from time to time on any one or more Business Days from and after the date of this Agreement (through the Agent as set forth in Section 2.1.5 or Section 2.2(f)), upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the third Business Day prior to the date of any proposed LIBOR Rate Loan or upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the first Business Day prior to the date of any proposed Base Rate Loan, up to an aggregate principal amount not exceeding each such Lender's Pro Rata Percentage of the Available Amount B on such Business Day through the Maturity Date, in aggregate amounts up to the Available Amount B ("LINE OF CREDIT B"). The Line of Credit B Advances shall be evidenced by and repayable in accordance with the terms of Borrower's promissory notes to each of the Lenders ("LINE OF CREDIT B NOTES"), the form of which is attached as Exhibit 2B.

2.1.4 LETTERS OF CREDIT.

(a) The Agent further agrees to issue or cause to be issued by a Lender, Letters for Borrower's account for any purpose acceptable to the Agent in its reasonable discretion (the Agent or such Lender thereby becoming an Issuer), with an expiration date not later than the earlier of (a) one year after the date of issuance, or (b) the fifth day prior to the Maturity Date, in amounts up to the lesser of: (y) Twenty Five Million Dollars ($25,000,000) minus the then outstanding LC Obligations; or (z) the Available Amount B, for the benefit of one or more beneficiaries to be named by Borrower (the "BENEFICIARY", whether one or more), in form and substance acceptable to the Beneficiary. Letters which provide for an automatic extension of the expiration date may not automatically extend for more than one year at each extension and shall, in the sole discretion of the Agent, not be allowed to automatically extend to a date later than the fifth day prior to the Maturity Date. In order to effect the issuance of each Letter, Borrower shall deliver to the Agent a letter of credit application (the "APPLICATION") not later than 11:00 a.m. (Denver time), five (5) Business Days prior to the proposed date of issuance of the Letter. The Application shall be duly executed by a responsible officer of Borrower, shall be irrevocable and shall (i) specify the day on which such Letter is to be issued (which shall be a Business Day), and (ii) be accompanied by a certificate executed by a responsible officer setting forth calculations evidencing availability for the Letter and stating that all conditions precedent to such issuance have been satisfied. Each Letter shall (i) provide for the payment of drafts presented for honor thereunder by the beneficiary in accordance with the terms thereof, when such drafts are accompanied by the documents described in the Letter, if any, and (ii) to the extent not inconsistent with the express terms hereof or the applicable Application, be subject to the

Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (together with any subsequent revisions thereof approved by a Congress of the International Chamber of Commerce and adhered to by the Issuer, the "UCP"), and shall, as to matters not governed by the UCP, be governed by, and construed and interpreted in accordance with, the laws of the State in which the Issuer resides.

(b) Upon the issuance date of each Letter, the Agent shall be deemed, without further action by any party hereto, to have sold to each other Lender, and each other Lender shall be deemed, without further action by any party hereto, to have purchased from the Agent, a participation, to the extent of such Lender's Pro Rata Percentage, in the Letter, the obligations thereunder and in the reimbursement obligations of Borrower due in respect of drawings made under the Letter. If requested by the Agent, the other Lenders will execute any other documents reasonably requested by the Agent to evidence the purchase of such participation.

(c) If Issuer has received documents purporting to draw under a Letter that Issuer believes conform to the requirements of the Letter, or if Issuer has decided that it will comply with Borrower's written or oral request of authorization to pay a drawing on any Letter that Issuer does not believe conforms to the requirements of the Letter, Issuer or the Agent will notify Borrower of that fact. An amount equal to the amount of such drawing shall be paid by Borrower on the date such drawing is made. The obligation of Borrower to repay the Agent for any Advance made to fund such reimbursement, shall be absolute, unconditional and irrevocable, shall continue for so long as any LC Obligation is outstanding notwithstanding any termination of this Agreement, and shall be paid strictly in accordance with the terms of this Agreement, notwithstanding any of the following:

(i) Any lack of validity or enforceability of any Letter or LC Obligation;

(ii) The existence of any claim, setoff, defense or other right which Borrower may have or claim at any time against any beneficiary, transferee or holder of any Letter (or any Person for whom any such beneficiary, transferee or holder may be acting), Issuer or any other Person, whether in connection with a Letter, this Agreement, the transactions contemplated hereby, or any unrelated transaction; or

(iii) Any statement or any other document presented under any Letter proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatever so long as such statement or document appeared to comply with the terms of the Letter.

(d) None of Issuer, the Lenders or any of the officers, directors or employees of any of them shall be liable or responsible for, and the obligations of Borrower to Issuer and the Lenders shall not be impaired by:

(i) The use that may be made of any Letter or for any acts or omissions of any beneficiary, transferee or holder thereof in connection therewith;

(ii) The validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents or endorsements should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged so long as such statement or document appeared to comply with the terms of the Letter;

(iii) The acceptance by Issuer of documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; or

(iv) Any other action of Issuer in making or failing to make payment under any Letter if in good faith and in conformity with applicable U.S. or foreign laws, regulations or customs.

(e) Notwithstanding the foregoing, Borrower shall have a claim against Issuer and the Agent, and Issuer and/or the Agent shall be liable to Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by Borrower which Borrower proves were caused by Issuer's or the Agent's willful misconduct or gross negligence in determining whether documents presented under any Letter comply with the terms thereof.

(f) If any Letter is issued and outstanding on the Maturity Date, Borrower shall deposit with the Agent, for the ratable benefit of the Lenders and the Issuer: (i) cash collateral, or (ii) a backup letter of credit issued to the Agent and acceptable to the Lenders, in either case, in an amount equal to the LC Obligations relating to such Letter.

2.1.5 EQUALIZATION TRANSFERS.

(a) The Swing Line Advances, the Line of Credit A Advances and the Line of Credit B Advances (collectively "ADVANCES" and individually, an "ADVANCE") shall also sometimes collectively be referred to in each case as a "LOAN" and collectively the "LOANS". It is anticipated that on each Business Day Borrower may wish to borrow and repay Loans. To the extent possible, these Loans will be made by under the Swing Line. To minimize the number of transfers of funds to and from the Lenders resulting from such borrowings and repayments, the Agent may fund daily Loans for the accounts of the Lenders and apply daily repayments of Loans to the accounts of the Lenders, other than according to the Lenders' Pro Rata Percentages (i.e., without receiving from the other Lenders their Pro Rata Percentage of a Loan on the date of disbursement thereof or without paying the other Lenders their Pro Rata Percentage of a repayment of a Loan on the date of payment thereof), provided however, that no such Loan shall be made and no repayment of a Loan shall be applied other than according to the Lenders' Pro Rata Percentages, if: (i) at the time of such Loan or repayment the Agent has actual knowledge of a Matured Default, or (ii) after giving effect to the requested Loan or after applying the repayment, the absolute value of the amount that would have to be reallocated to make the Loans held according to the Lenders' Pro Rata Percentages, would exceed $20,000,000; or (iii) after giving effect to the requested Loan, the Agent would hold at the end of any Business Day, (A) Loans under the Line of Credit B exceeding its Line of Credit B Loan Commitment or (B) Loans

under the Swing Line and the Line of Credit A exceeding its Line of Credit A Loan Commitment plus $20,000,000.

(b) At any time in the discretion of the Agent and in any event as of the end of the first Business Day of each week if the outstanding Loans are not held according to the Lenders' Pro Rata Percentages, by reason of Swing Line Advances by the Agent or otherwise, the Agent shall give notice to the Lenders of the amount of funds to be transferred from the Agent to the Lenders, or from the Lenders to the Agent, or from one Lender to another, as the case may be (each such transfer, an "EQUALIZATION TRANSFER") required to cause the Loans to be held by the Lenders according to their Pro Rata Percentages. On the next Business Day following such notice the necessary Equalization Transfers shall be made in Immediately Available Funds not later than 11:00 a.m. (local time in Denver); provided, however, Equalization Transfers necessary to avoid the event described in Section 2.1.5(a)(iii) shall be made on the same Business Day.

(c) Except as provided in Section 2.1.5(d), any Equalization Transfer by the Lenders to the Agent shall be deemed to constitute Loans by such Lenders to Borrower and repayments by Borrower of Loans held by the Agent, and any Equalization Transfer by the Agent to the Lenders shall be deemed to constitute Loans by the Agent to Borrower and repayments of Loans held by the Lenders.

(d) In the event that on the date on which any Equalization Transfer is required to be made pursuant to Section 2.1.5(b), a Matured Default of the type described in clause (i) of the definition thereof shall have occurred and be continuing, any Equalization Transfer by the Lenders to the Agent, and any Equalization Transfer by the Agent to the Lenders shall be deemed to constitute a purchase by the Lenders or the Agent, as the case may be, of a direct interest, in the amount of such Equalization Transfer, in outstanding Loans of the Lenders to Borrower, to the end that each of the Lenders shall have an interest therein equal to their respective Pro Rata Percentages as of the date of occurrence of such Matured Default.

(e) At any time after any Lender (a "SELLING LENDER") has received any Equalization Transfer that constitutes a purchase by any other Lender (a "PURCHASING LENDER") of a direct interest in such Selling Lender's Loans pursuant to Section 2.1.5(d), if such Selling Lender receives any payment on account of its Loans, such Selling Lender will distribute to such Purchasing Lender its proportionate share of such payment (appropriately adjusted in the case of interest payments, to reflect the period of time during which such Purchasing Lender's direct interest was outstanding and funded); provided however, that in the event that such payment received by such Selling Lender is required to be returned, such Purchasing Lender will return to such Selling Lender any portion thereof previously distributed to it by such Selling Lender.

(f) Each Lender's obligation to make Equalization Transfers pursuant to Section 2.1.5(b) shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which such Lender or any other Person may have against the Agent or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or a Matured

Default or the termination of the Commitments; (iii) any adverse change in the condition (financial or otherwise) of Borrower or any other Person; (iv) any breach of this Agreement by Borrower or any other Lender, including without limitation, any other Lender's failure to make any Equalization Transfer; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

2.2 PAYMENT OF PRINCIPAL AND INTEREST; DEFAULT RATE. The principal amount outstanding under the Line of Credit A Notes and the Line of Credit B Notes shall be due and payable on the Maturity Date. Loans under the Swing Line shall be Daily Reset LIBOR Rate Loans. Loans under the Line of Credit A and Line of Credit B may, at the option of Borrower, be Base Rate Loans or LIBOR Rate Loans. Each request for LIBOR Rate Loans shall be in a minimum amount of $1,000,000 and an integral multiple of $1,000,000 and shall be subject to the restrictions set forth in the definition of Interest Period and the other restrictions set forth in this Section 2.2. Borrower shall pay interest on the unpaid principal amount of each Loan made by each Lender from the date of such Loan until such principal amount shall be paid in full, at the times and at the rates per annum set forth below:

(a) So long as no Matured Default has occurred or is continuing, during such periods as such Loan is a Daily Reset LIBOR Rate Loan, a rate per annum equal to the lesser of (i) the sum of the Daily Reset LIBOR Rate in effect from time to time plus the Applicable Margin and (ii) the Highest Lawful Rate, payable monthly in arrears on the first day of each month commencing November 1, 2002, and on the Maturity Date, which interest shall be paid by an Agent initiated Advance pursuant to Section 2.1, without prior demand by the Agent.

(b) So long as no Matured Default has occurred or is continuing, during such periods as such Loan is a Base Rate Loan, a rate per annum equal to the lesser of (i) the sum of the Base Rate in effect from time to time plus the Applicable Margin and (ii) the Highest Lawful Rate, payable monthly in arrears on the first day of each month commencing November 1, 2002, and on the Maturity Date, which interest shall be paid by an Agent initiated Advance pursuant to Section 2.1, without prior demand by the Agent.

(c) So long as no Matured Default has occurred or is continuing, during such periods as such Loan is a LIBOR Rate Loan, a rate per annum during each day of each Interest Period for such Loan equal to the lesser of (i) the sum of the LIBOR Rate for such Interest Period for such Loan plus the Applicable Margin and (ii) the Highest Lawful Rate, payable in arrears on the last day of the Interest Period in respect of such LIBOR Rate Loan, and, if the Interest Period with respect to such LIBOR Rate Loan exceeds three months, the day which is three months after the making of such LIBOR Rate Loan, which interest shall be paid by an Agent initiated Advance pursuant to Section 2.1, without prior demand by the Agent.

(d) After the occurrence of a Matured Default and for so long as such Matured Default is continuing, the Agent may (upon the direction of the Required Lenders) notify Borrower that any and all amounts due hereunder, under the Notes or under any other Financing Agreement, whether for principal, interest (to the extent permitted by applicable law), fees, expenses or otherwise, shall bear interest, from the date of such notice by the Agent and for so

long as such Matured Default continues, payable on demand, at a rate per annum (the "DEFAULT RATE") equal to the lesser of (i)(A) with respect to a Daily Reset LIBOR Rate Loan, the sum of two percent (2.0%) per annum plus the Daily Reset LIBOR Rate in effect from time to time plus the Applicable Margin; (B) with respect to a Base Rate Loan, the sum of two percent (2.0%) per annum plus the Base Rate in effect from time to time plus the Applicable Margin; or (C) with respect to a LIBOR Rate Loan, the sum of two percent (2.0%) per annum plus the LIBOR Rate then in effect for such LIBOR Rate Loan plus the Applicable Margin; or (ii) the Highest Lawful Rate.

(e) All computations of interest pursuant to this Section 2.2 shall be made by the Agent with respect to all Loans on the basis of a year of 360 days, unless the foregoing would result in a rate exceeding the Highest Lawful Rate, in which case such computations shall be based on a year of 365 or 366 days, as the case may be. Interest with respect to all Loans, whether based on a year of 360, 365 or 366 days, shall be charged for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. Each determination by the Agent of an interest rate shall be conclusive and binding for all purposes, absent manifest error.

(f) Borrower may on any Business Day, upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the third Business Day prior to the date of any proposed interest conversion or rollover, (a) convert Loans of one Type into Loans of another Type, or (b) continue or rollover existing LIBOR Rate Loans; provided however, (i) with respect to any conversion into or rollover of a LIBOR Rate Loan, no Default or Matured Default shall have occurred and be continuing, and (ii) any continuation or rollover of LIBOR Rate Loans for the same or a different Interest Period or into Base Rate Loans, shall be made on, and only on, the last day of an Interest Period for such LIBOR Rate Loans. Each such notice of interest conversion shall specify therein the requested (x) date of such conversion, (y) the Loans to be converted and whether such Loans constitute LIBOR Rate Loans, and (z) if such interest conversion is into Loans constituting LIBOR Rate Loans, the duration of the Interest Period for each such Loan. The Agent shall promptly deliver a copy thereof to each Lender. Each such notice shall be irrevocable and binding on Borrower. If Borrower shall fail to give a notice of interest conversion with respect to any LIBOR Rate Loan as set forth above, such Loan shall automatically convert to a Base Rate Loan on the last day of the Interest Period with respect thereto. The provisions of this Section 2.2(f) shall also apply to initial Advances made as LIBOR Rate Loans.

2.3 PREPAYMENTS; TERMINATION OF THE COMMITMENTS.

(a) Borrower may at any time prepay the outstanding principal amount of any Loan, in either case in whole or in part, in accordance with this Section 2.3. With respect to any prepayment, Borrower shall give prior written notice of any such prepayment to the Agent, which notice shall state the proposed date of such prepayment (which shall be a Business Day), the Loans to be prepaid and the aggregate amount of the prepayment, and which notice shall be delivered to the Agent not later than 12:00 noon (local time in Denver): (a) with respect to any Loan which is a Base Rate Loan, on the date of the proposed prepayment, and (b) with respect to

any Loan which is a LIBOR Rate Loan, three (3) Business Days prior to the date of the proposed prepayment. All prepayments of Base Rate Loans shall be without premium. All prepayments of LIBOR Rate Loans shall be made together with accrued and unpaid interest (if any) to the date of such prepayment on the principal amount prepaid without premium thereon, provided however, that losses, costs or expenses incurred by any Lender as described in Section 2.3(b) shall be payable with respect to each such prepayment. All notices of prepayment shall be irrevocable and the payment amount specified in each such notice shall be due and payable on the prepayment date described in such notice, together with, in the case of LIBOR Rate Loans, accrued and unpaid interest (if any) on the principal amount prepaid and any amounts due under Section 2.3(b). Borrower shall have no optional right to prepay the principal amount of any LIBOR Rate Loan other than as provided in this Section 2.3.

(b) Borrower will indemnify each Lender against, and reimburse each Lender on demand for, any loss, cost or expense incurred or sustained by such Lender (including without limitation, any loss or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by such Lender to fund or maintain any LIBOR Rate Loan and/or loss of net yield) as a result of (a) any payment, conversion, rollover, or prepayment of all or a portion of any LIBOR Rate Loan on a day other than the last day of an Interest Period for such LIBOR Rate Loan, (b) any payment, conversion, rollover or prepayment (whether required hereunder or otherwise) of such Lender's Loan made after the delivery of a notice of borrowing delivered pursuant to Section 2.2 (whether oral or written) but before the proposed date for such LIBOR Rate Loan if such payment or prepayment prevents the proposed borrowing from becoming fully effective, (c) after receipt by the Agent of a notice of borrowing delivered pursuant to Section 2.2, the failure of any Loan to be made or effected by such Lender due to any condition precedent to a borrowing not being satisfied or due to any other action or inaction of Borrower or (d) any rescission of a notice of borrowing delivered pursuant to Section 2.2 or a notice of interest conversion delivered pursuant to Section 2.2. Any Lender demanding payment under this Section 2.3 shall deliver to Borrower and the Agent a statement reasonably setting forth the amount and manner of determining such loss, cost or expense, which statement shall be conclusive and binding for all purposes, absent manifest error. Compensation owing to a Lender as a result of any such loss, cost or expense resulting from a payment, prepayment, conversion or rollover of a LIBOR Rate Loan shall include without limitation, an amount equal to the sum of (i) the amount of the net yield that, but for such event, such Lender would have earned for the remainder of the applicable Interest Period plus (ii) any expense incurred by such Lender. Notwithstanding any provision herein to the contrary, each Lender shall be entitled to fund and maintain its funding of all of any part of the LIBOR Rate Loans in any manner it elects; it being understood, however, that all determinations hereunder shall be made as if the Lender had actually funded and maintained each LIBOR Rate Loan during the Interest Period for such Loan through the purchase of deposits having a term corresponding to such Interest Period and bearing an interest rate equal to the LIBOR Rate for such Interest Period (whether or not the Lender shall have granted any participations in such Loans).

(c) Borrower shall have the right, upon at least five Business Days' written notice to the Lenders, to terminate the Line of Credit A Loan Commitments, (i) in whole (subject to the last sentence of this Section 2.3(c)) or (ii) in part, in a minimum amount of $5,000,000 and an

integral multiple of $1,000,000, but not to an amount less than $80,000,000. Provided, however, that any such termination shall be accompanied, (i) in the case of a termination in whole, by payment of the Line of Credit A Loan Liabilities in full, or (ii) in the case of a partial termination, payment of the Line of Credit A Loan Liabilities to the extent necessary to cause the Available Amount A to be not less than zero. Any partial reduction of the Line of Credit A Loan Commitments pursuant to this Section 2.3(c) shall result in a reduction pro-rata of the Line of Credit A Loan Commitments of each of the Lenders. Borrower shall have the right, upon at least five Business Days' written notice to the Lenders, to terminate the Line of Credit B Loan Commitments, (i) in whole, or (ii) in part, in a minimum amount of $5,000,000 and an integral multiple of $1,000,000, but not to an amount less than $20,000,000. Provided, however, that any such termination shall be accompanied, (i) in the case of a termination in whole, by payment of the Line of Credit B Loan Liabilities in full and the return or cash coverage of any Letter then outstanding, or (ii) in the case of a partial termination, payment of the Line of Credit B Loan Liabilities to the extent necessary to cause the Available Amount B to be not less than zero. Any partial reduction of the Line of Credit B Loan Commitments pursuant to this Section 2.3(c) shall result in a reduction pro-rata of the Line of Credit B Loan Commitments of each of the Lenders. In the event Borrower elects to terminate the Line of Credit A Loan Commitments in whole as set forth in this Section 2.3(c), then Borrower shall also terminate the Line of Credit B Loan Commitments in whole as set forth in this Section 2.3(c).

2.4 PURPOSE. The purpose of the Line of Credit A and the Line of Credit B is to provide funds for the general working capital purposes of Borrower and its consolidated subsidiaries.

2.5 LOAN AND LETTER OF CREDIT FEES.

(a) AGENT'S FEE. Borrower agrees to pay to the Agent, in respect of its administrative duties hereunder: a one time arranger fee on the Closing Date; an annual agent's fee on the Closing Date and on each anniversary date to the Maturity Date; and one time fronting fees from time to time in respect of the initial issuance of Letters, all in amounts as set forth in the Agent's Letter. Each of the Agent's fees shall be fully earned on the date they become payable and if not paid timely by Borrower, at the option of the Agent, shall be paid by Advances pursuant to Section 2.1, without prior demand by the Agent. No Persons other than the Agent shall have any interest in any such Agent's fees.

(b) INITIAL COMMITMENT FEES. Borrower agrees to pay to the Agent for distribution to the Lenders, including the Agent the one time initial commitment fees in amounts as set forth in the Agent's Letter. Each of these fees shall be fully earned and if not paid timely by Borrower, at the option of the Agent, shall be paid by Advances pursuant to Section 2.1, without prior demand by the Agent.

(c) QUARTERLY COMMITMENT FEES. Borrower agrees to pay to the Agent for distribution to the Lenders (based on their respective Pro Rata Percentages) quarterly commitment fees ("COMMITMENT FEES") from the Closing Date to the Maturity Date, calculated using the then applicable rates per annum set forth in the definition of Applicable Margin, and

applied to the daily average of the Line of Credit A Loan Commitments and the Line of Credit B Loan Commitments, respectively. The quarterly Commitment Fees shall be due and payable in arrears with respect to the prior quarter on the first day of each January, April, July and October hereafter through the Maturity Date. Pro-rated Commitment Fees shall be due and payable on the first day of the quarter following the Closing Date and on the Maturity Date. The quarterly Commitment Fees shall be fully earned as they accrue and if not paid timely by Borrower, at the option of the Agent, shall be paid by Advances pursuant to Section 2.1, without prior demand by the Agent.

(d) LETTER OF CREDIT FEES. Borrower agrees to pay to the Agent, for distribution to the Lenders (based on their respective Pro Rata Percentages), a quarterly fees ("COMMERCIAL LC FEES" and "STANDBY LC FEES", respectively), payable in arrears with respect to the prior quarter on the first day of each January, April, July and October, in respect of each Letter issued hereunder, calculated using the then applicable rates per annum set forth in the definition of Applicable Margin, and applied to daily average face amounts of all Letters outstanding during such quarter, respectively. Borrower shall also pay to the Agent for the account of the Issuer issuing any Letter, the normal and customary processing fees charged by such Issuer in connection with the issuance of or drawings under each such Letter. Commercial LC Fees, Standby LC Fees and related processing fees shall be fully earned as they accrue and if not paid timely by Borrower, at the option of the Agent, shall be paid by Advances pursuant to Section 2.1, without prior demand by the Agent.

(e) CALCULATION OF FEES. The fees payable under this Section 2.5 which are based on an annual percentage rate shall be calculated by the Agent on the basis of a 360-day year, for the actual days (including the first day but excluding the last day) occurring in the period for which such fee is payable. Each determination by the Agent of fees payable under this Section 2.5 shall be conclusive and binding for all purposes, absent manifest error.

(f) FEES NOT INTEREST. The fees described in this Agreement represent compensation for services rendered and to be rendered separate and apart from the lending of money or the provision of credit and do not constitute compensation for the use, detention, or forbearance of money, and the obligation of Borrower to pay each fee described herein shall be in addition to, and not in lieu of, the obligation of Borrower to pay interest, other fees described in this Agreement, and expenses otherwise described in this Agreement. Fees shall be payable when due in Dollars and in Immediately Available Funds. All fees shall be non-refundable.

2.6 BORROWER'S LOAN ACCOUNT. The Agent shall maintain a loan account ("LOAN ACCOUNT") on its books in which shall be recorded: (a) all Line of Credit A Advances made by the Agent to Borrower pursuant to this Agreement; (b) all Line of Credit B Advances made by the Agent to Borrower pursuant to this Agreement; (c) all receipts and disbursements from and to the other Lenders; (d) all payments made by Borrower; and (e) all other appropriate debits and credits as provided in this Agreement, including without limitation, all receipts of fees, charges, expenses and interest. All entries in Borrower's Loan Account shall be made in accordance with the Agent's customary accounting practices as in effect from time to time. Borrower promises to pay the amount reflected as owing by and under its Loan Account and all other obligations

hereunder as such amounts become due or are declared due pursuant to the terms of this Agreement.

2.7 STATEMENTS. All Advances to Borrower, and all other debits and credits provided for in this Agreement, shall be evidenced by entries made by the Agent in its internal data control systems showing the date, amount and reason for each such debit or credit. Until such time as the Agent shall have rendered to Borrower and the Lenders written statements of account, the balance in Borrower's Loan Account, as set forth on the Agent's most recent printout, shall be rebuttable presumptive evidence of the amounts due and owing the Lenders by Borrower and, as the case may be, by the Lenders to each other. On or about the last day of each calendar month, the Agent shall mail to Borrower a statement setting forth the balance of Borrower's Loan Account, including without limitation, principal, interest, expenses and fees. Each such statement shall be subject to subsequent adjustment by the Agent but shall, absent manifest errors or omissions, be presumed correct and binding upon Borrower and shall constitute an account stated unless, within sixty (60) days after receipt of any statement from the Agent, Borrower or a Lender shall deliver to the Agent written objection specifying the error or errors, if any, contained in such statement.

2.8 TERMINATION OF AGREEMENT. Subject to and in accordance with Section 9.1, the Agent shall have the right, without notice to Borrower, to terminate the Commitments immediately upon a Matured Default. In addition, the Commitments shall be deemed immediately terminated and all of the Liabilities shall be immediately due and payable, without notice to Borrower, on the Maturity Date. In the event the Commitments are terminated, the remainder of this Agreement shall remain in full force and effect until the payment in full of the Liabilities and the termination of any Letters. Notwithstanding the foregoing, in the event that a proceeding under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt or receivership law or statute is filed by or against Borrower or any guarantor of the Liabilities, or Borrower or any guarantor of the Liabilities makes an assignment for the benefit of creditors, the Commitments shall be deemed to be terminated immediately, and all the Liabilities shall be due and payable, without presentment, demand, protest or further notice (including without limitation, notice of intent to accelerate and notice of acceleration) of any kind, all of which are expressly waived by Borrower, provided, however, that in the event a proceeding against Borrower or any guarantor of the Liabilities is dismissed within sixty (60) days of the date of its filing then the Commitments shall be deemed to be reinstated as of the date the order of dismissal becomes final and the Agent is given notice thereof, and provided, however, the automatic reimbursement of the Issuer by the Lenders as provided for in this Agreement shall continue with respect to any post-petition drawings under any Letters. This Agreement shall terminate when the Commitments have terminated, any Letters issued hereunder have terminated and the Liabilities have been indefeasibly paid in full.

3 BORROWING BASE.

3.1 ELIGIBLE ACCOUNTS. The Agent shall have the right, in the exercise of the Agent's reasonable discretion, to determine whether Accounts are eligible for inclusion in the Borrowing Base at any particular time (such eligible accounts being referred to as "ELIGIBLE ACCOUNTS").

Without limiting the Agent's right to determine that Accounts do not constitute Eligible Accounts, the following Accounts shall not be Eligible Accounts: (a) all Accounts which are at that time unpaid for a period exceeding sixty (60) days after the original due date of the original invoice related thereto.

3.2 ELIGIBLE INVENTORY. The Agent shall have the right, in the exercise of the Agent's reasonable discretion, to determine whether Inventory is eligible for inclusion in the Borrowing Base at any particular time (such eligible inventory being referred to as "ELIGIBLE INVENTORY"). Without limiting the Agent's right to determine that Inventory does not constitute Eligible Inventory, the following Inventory shall not be Eligible Inventory: (a) Inventory reasonably determined by the Agent to be out-of-condition or otherwise unmerchantable; or (b) Inventory for which a prepayment has been received.

4 CONDITIONS TO ADVANCES.

Notwithstanding any other provisions to the contrary contained in this Agreement, the making of Advances or the issuance of Letters provided for in this Agreement shall be conditioned upon the following:

4.1 APPROVAL OF THE AGENT'S COUNSEL. Legal matters, if any, relating to any Advance shall have been reviewed by and shall be satisfactory to counsel for the Agent.

4.2 COMPLIANCE. All representations and warranties contained in this Agreement shall be true on and as of the date of the making of each Advance as if such representations and warranties had been made on and as of such date, and no Default or Matured Default shall have occurred and be continuing or shall exist.

4.3 DOCUMENTATION. Prior to the initial Advance, Borrower shall have executed and/or delivered to the Agent all of the documents listed on the List of Closing Documents attached as Exhibit 4A and Borrower's Borrowing Base Certificate setting forth the Borrowing Base as of the date of Borrower's request for the initial Advance or issuance of a Letter, in form and substance acceptable to the Agent.

5 GUARANTIES.

5.1 GUARANTIES. Borrower agrees to obtain, for the ratable benefit of the Lenders, the guaranty or guaranties of the following consolidated subsidiaries of Borrower: The Andersons Agriservices, Inc., The Andersons Lawn Fertilizer Division, Inc., The Andersons Agricultural Group, L.P. and The Andersons Technologies, Inc., the form of which is attached as Exhibit 5A.

5.2 ADDITIONAL GUARANTIES. After the date of this Agreement, Borrower agrees to obtain, for the ratable benefit of the Lenders, the guaranty or guaranties of any consolidated subsidiary of Borrower that the Agent reasonably determines is a material subsidiary with regard to its assets or revenues from operations, the form of which is attached as Exhibit 5A.

6 WARRANTIES.

Borrower represents and warrants to the Lenders that:

6.1 LITIGATION AND PROCEEDINGS. Except as set forth on Part 1 of Exhibit 6A and except for judgments and pending or threatened litigation, contested claims and governmental proceedings which are not, in the aggregate, material to Borrower's financial condition, results of operations or business, no judgments are outstanding against Borrower and its consolidated subsidiaries, nor is there pending or threatened any litigation, contested claim, or governmental proceeding by, against or with respect to Borrower and its consolidated subsidiaries.

6.2 OTHER AGREEMENTS. Except as set forth on part 2 of Exhibit 6A, Borrower and its consolidated subsidiaries are not in default under any contract, lease or commitment to which Borrower or its consolidated subsidiaries are a party or by which Borrower and its consolidated subsidiaries are bound, except those which are not, in the aggregate, material to Borrower's financial condition, results of operations or business. Borrower knows of no dispute, except as set forth on part 2 of Exhibit 6A, relating to any contract, lease, or commitment of Borrower and its consolidated subsidiaries, except those which are not, in the aggregate, material to Borrower's financial condition, results of operations or business.

6.3 LICENSES, PATENTS, COPYRIGHTS, TRADEMARKS AND TRADE NAMES. There is no action, proceeding, claim or complaint pending or threatened to be brought against Borrower or its consolidated subsidiaries by any Person which might jeopardize any of Borrower's or its consolidated subsidiaries interest in any licenses, patents, copyrights, trademarks, trade names or applications except those which are not, in the aggregate, material to Borrower's financial condition, results of operations or business.

6.4 ENCUMBRANCES. Except as permitted under Section 8.1 and except as set forth on part 3 of Exhibit 6A, all of the property of Borrower and its consolidated subsidiaries is free and clear of all security interests, liens, claims and encumbrances. No Goods held by Borrower and its consolidated subsidiaries on consignment or under sale or return contracts have been represented to be Inventory and no amounts receivable by Borrower and its consolidated subsidiaries in respect of the sale of such Goods (except markups or commissions which have been fully earned by Borrower and its consolidated subsidiaries) have been represented to be Accounts. All Producer Payables which are owing to suppliers of any of the Inventory have been paid when due, other than those being contested in good faith by Borrower and its consolidated subsidiaries, and no Person to whom such Producer Payables are owed has demanded turnover of any Inventory or proceeds thereof. Borrower and its consolidated subsidiaries has adequate procedures in place to insure that Inventory purchased by Borrower and its consolidated subsidiaries is free of security interests in accordance with the Federal Food Security Act.

6.5 LOCATION OF ASSETS; CHIEF EXECUTIVE OFFICE. The chief executive office of Borrower is located at 480 West Dussel Drive, Maumee, OH 43537. As of the execution of this Agreement, the books and records of Borrower are located at the chief executive office of

Borrower. If Borrower shall intend to make any change in any of such locations, Borrower shall notify the Agent at least 30 days prior to such change.

6.6 TAX LIABILITIES. Borrower and its consolidated subsidiaries have filed all federal, state and local tax reports and returns required by any law or regulation to be filed by Borrower and its consolidated subsidiaries and they have either duly paid all taxes, duties and charges indicated to be due on the basis of such returns and reports or has made adequate provision for the payment thereof, and the assessment of any material amount of additional taxes in excess of those paid and reported is not reasonably expected. The reserves for taxes reflected on Borrower's consolidated balance sheet are adequate in amount for the payment of all liabilities for all taxes (whether or not disputed) of Borrower and its consolidated subsidiaries accrued through the date of such balance sheet. There are no material unresolved questions or claims concerning any tax liability of Borrower and its consolidated subsidiaries, except as described on part 4 of Exhibit 6A.

6.7 INDEBTEDNESS. Except as contemplated by this Agreement, as disclosed on part 5 of Exhibit 6A and as disclosed on the financial statements identified in Section 6.13, Borrower has no other indebtedness, contingent obligations or liabilities, outstanding bonds, letters of credit or acceptances to any other Person or loan commitments from any other Person, other than accounts payable incurred in the ordinary course of business.

6.8 AFFILIATES. Borrower and its consolidated subsidiaries have no Affiliates, other than their directors, officers, agents and employees and those Persons disclosed on part 6 of Exhibit 6A as updated from time to time by Borrower, and the legal relationship of Borrower and its consolidated subsidiaries to each such Affiliate is accurately and completely described thereon.

6.9 ENVIRONMENTAL MATTERS. Except as disclosed on part 7 of Exhibit 6A, (a) Borrower and its consolidated subsidiaries have not received any notice to the effect, or have any knowledge, that the Property or its operations are not in compliance with any of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations ("ENVIRONMENTAL LAWS") or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which noncompliance or remedial action could have a material adverse effect on the business, operations, Property, assets or conditions (financial or otherwise) of Borrower and its consolidated subsidiaries; (b) there have been no releases of hazardous materials at, on or under the Property that, singly or in the aggregate could have a material adverse effect on the business, operations, Property, assets or conditions (financial or otherwise) of Borrower and its consolidated subsidiaries; (c) there are no underground storage tanks, active or abandoned, including without limitation petroleum storage tanks, on or under the Property that, singly or in the aggregate could have a material adverse effect on the business, operations, Property, assets or conditions (financial or otherwise) of Borrower and its consolidated subsidiaries; (d) Borrower and its consolidated subsidiaries have not directly transported or directly arranged for the transportation of any hazardous material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA or on any similar

state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to material claims against Borrower and its consolidated subsidiaries for any remedial work, damage to natural resources or personal injury, including without limitation, claims under CERCLA; and (e) no conditions exist at, on or under the Property which, with the giving of notice, would rise to any material liability under any Environmental Laws.

6.10 EXISTENCE. Borrower is a corporation duly organized and in good standing under the laws of the State of Ohio and Borrower and its consolidated subsidiaries are duly qualified to do business and are in good standing in all states where such qualification is necessary, except for those jurisdictions in which the failure so to qualify would not, in the aggregate, have a material adverse effect on Borrower's financial condition, results of operations or business.

6.11 AUTHORITY. The execution and delivery by Borrower of this Agreement and all of the other Financing Agreements and the performance of Borrower's obligations hereunder and thereunder: (a) are within Borrower's powers; (b) are duly authorized by Borrower's board of directors; (c) are not in contravention of the terms of Borrower's articles or certificate of incorporation or code of regulations; (d) are not in contravention of any law or laws, or of the terms of any indenture, agreement or undertaking to which Borrower is a party or by which Borrower or any of Borrower's property is bound; (e) do not require any consent, registration or approval of any Governmental Authority or of any other Person, except such consents or approvals as have been obtained; (f) do not contravene any contractual restriction or Governmental Requirement binding upon Borrower; and (g) will not, except as contemplated or permitted by this Agreement, result in the imposition of any lien, charge, security interest or encumbrance upon any property of Borrower under any existing indenture, mortgage, deed of trust, loan or credit agreement or other material agreement or instrument to which Borrower is a party or by which Borrower or any of Borrower's property may be bound or affected. Borrower shall deliver to the Agent, upon the Agent's request therefor, a written opinion of counsel as to the matters described in the foregoing clauses (a) through (g).

6.12 BINDING EFFECT. This Agreement and all of the other Financing Agreements set forth the legal, valid and binding obligations of Borrower and the guarantors of the Liabilities, respectively, and are enforceable against Borrower and the guarantors of the Liabilities, respectively, in accordance with their respective terms.

6.13 CORRECTNESS OF FINANCIAL STATEMENTS. The consolidated financial statements delivered from time to time by Borrower to the Lenders present fairly the financial condition of Borrower and its consolidated subsidiaries, and have been prepared in accordance with GAAP consistently applied. Since the date of the most recent financial statements delivered to the Lenders, there has been no materially adverse change in the condition or operation of Borrower and its consolidated subsidiaries.

6.14 EMPLOYEE CONTROVERSIES. Except as set forth on Part 1 of Exhibit 6A, there are no controversies pending or threatened between Borrower and its consolidated subsidiaries or any of their employees, other than employee grievances arising in the ordinary course of

business or which are not, in the aggregate, material to Borrower's financial condition, results of operations or business.

6.15 COMPLIANCE WITH LAWS AND REGULATIONS. Borrower and its consolidated subsidiaries are in compliance with all Governmental Requirements relating to the business operations and the assets of Borrower and its consolidated subsidiaries, except for Governmental Requirements, the violation of which would not have a material adverse effect on Borrower's financial condition, results of operations or business.

6.16 ACCOUNT WARRANTIES. Except as disclosed to the Agent from time to time in writing, all Accounts which are at any time included in the Borrowing Base or which are reflected on Borrower's financial statements delivered to the Agent pursuant to Section 7.1 are genuine, in all respects what they purport to be, have not been reduced to any judgment, are evidenced by not more than one executed original agreement, contract or document, and represent undisputed, bona fide transactions completed in accordance with the terms and conditions of any related document; the Accounts have not been pledged, sold or assigned to any Person; and except as disclosed to the Agent from time to time in writing, Borrower has no knowledge of any fact or circumstance which would impair the validity or collectibility of any of the Accounts that in the aggregate are material in amount.

6.17 INVENTORY WARRANTIES. Except as promptly disclosed to the Agent from time to time in writing, all Inventory included in the Borrowing Base shall be of good and merchantable quality, free from any defects which might affect the market value of such Inventory.

6.18 SOLVENCY. Borrower and its consolidated subsidiaries are solvent, able to pay their debts generally as such debts mature, and have capital sufficient to carry on their business and all businesses in which they are about to engage. The saleable value of the total consolidated assets of Borrower and its consolidated subsidiaries at a fair valuation, and at a present fair saleable value, is greater than the amount of total consolidated obligations of Borrower and its consolidated subsidiaries to all Persons (taking into account, as applicable, rights of contribution, subrogation and indemnity with regard to obligations shared with others). Borrower and its consolidated subsidiaries will not be rendered insolvent by the execution or delivery of this Agreement or of any of the other Financing Agreements or by the transactions contemplated hereunder or thereunder.

6.19 PENSION REFORM ACT. No events, including without limitation, any "reportable event" or "prohibited transactions," as those terms are defined in the Employee Retirement Income Security Act of 1974 as the same may be amended from time to time ("ERISA"), have occurred in connection with any type of plan, arrangement, association or fund covered by ERISA in which any personnel of Borrower or an Affiliate which is under common control with Borrower (within the meaning of applicable provisions of the IRC) participate ("BENEFIT PLANS"). The Benefit Plans are otherwise in compliance with all applicable provisions of ERISA and the IRC and meet the minimum funding standards of ERISA and the IRC.

6.20 MARGIN SECURITY. Borrower does not own any margin security and none of the loans advanced hereunder shall be used for the purpose of purchasing or carrying any margin securities or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase any margin securities or for any other purpose not permitted by Regulations T, U or X of the Board of Governors of the Federal Reserve System.

6.21 INVESTMENT COMPANY ACT NOT APPLICABLE. Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

6.22 PUBLIC UTILITY HOLDING COMPANY ACT NOT APPLICABLE. Borrower is not a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company":, or an affiliate of a "subsidiary company" of a "holding company", or a "public utility", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

6.23 FULL DISCLOSURE. All factual information taken as a whole in the materials furnished by or on behalf of Borrower to the Agent or any Lender for purposes of or in connection with the transactions contemplated under this Agreement and the other Financing Agreements, does not contain any untrue statement of a material fact or omit to state any material fact necessary to keep the statements contained therein from being misleading as of the date of this Agreement, and thereafter as supplemented by information provided to the Agent or the Lenders in writing pursuant to this Agreement. The financial projections and other financial information furnished to the Agent and the Lenders by Borrower and to be delivered under this Agreement, were prepared in good faith on the basis of information and assumptions that Borrower believed to be reasonable as of the date of such information.

6.24 INTELLECTUAL PROPERTY. Borrower and its consolidated subsidiaries own or possess (or will be licensed or otherwise have the full right to use) all intellectual property that is necessary for the operation of their business, without any known conflict with the rights of others. No product of Borrower and its consolidated subsidiaries infringes upon any intellectual property owned by any other Person and no claim or litigation is pending or (to the knowledge of Borrower) threatened against or affecting such Person, contesting its right to sell or to use any product or material, in any case which could have a material adverse effect on the business, operations, Property, assets or conditions (financial or otherwise) of Borrower and its consolidated subsidiaries.

6.25 SURVIVAL OF WARRANTIES. All representations and warranties contained in this Agreement or any of the other Financing Agreements shall survive the execution and delivery of this Agreement and shall be true from the date of this Agreement until the Liabilities shall be paid in full and the Lenders shall cease to be committed to make Loans or issue Letters under this Agreement.

7 AFFIRMATIVE COVENANTS.

Borrower covenants and agrees that so long as any Liabilities remain outstanding, and (even if there shall be no Liabilities outstanding) so long as the Lenders remain committed to make Loans or issue Letters under this Agreement:

7.1 FINANCIAL AND OTHER INFORMATION. Except as otherwise expressly provided for in this Agreement, Borrower shall keep proper books of record and account in which full and true entries will be made of all dealings and transactions of or in relation to the business and affairs of Borrower and its consolidated subsidiaries, in accordance with GAAP consistently applied, and Borrower shall cause to be furnished to the Agent (with copies to the other Lenders, from time to time and in a form acceptable to the Agent, such information as the Agent may reasonably request, including without limitation, the following:

(a) as soon as practicable and in any event within ninety (90) days after the end of each fiscal year of Borrower, audited consolidated and consolidating statements of income, retained earnings and cash flow of Borrower and its consolidated subsidiaries for each year, and a consolidated and consolidating balance sheet of Borrower and its consolidated subsidiaries for such year, setting forth in each case, in comparative form, corresponding figures as of the end of the preceding fiscal year, all in reasonable detail and satisfactory in scope to the Agent and certified to Borrower by such independent public accountants as are selected by Borrower and satisfactory to the Agent, whose opinion shall be in scope and substance satisfactory to the Agent; and (ii) copies of all SEC 10(K) filings of Borrower;

(b) as soon as practicable and in any event within forty five (45) days after the end of each quarterly accounting period in each fiscal year of Borrower: (i) consolidated and consolidating statements of income and retained earnings of Borrower and its consolidated subsidiaries for such quarterly period and for the period from the beginning of the then current fiscal year to the end of such quarterly period, and a consolidated and consolidating balance sheet of Borrower and its consolidated subsidiaries as of the end of such quarterly period, setting forth in each case, in comparative form, figures for the corresponding periods in the preceding fiscal year, all in reasonable detail and certified as accurate by the chief financial officer of Borrower, subject to changes resulting from normal year end adjustments, (ii) copies of all SEC 10(Q) filings of Borrower, (iii) a compliance certificate of the chief financial officer of Borrower in substantially the form attached as Exhibit 7A ("COMPLIANCE CERTIFICATE");

(c) as soon as practicable and in any event within twenty five (25) days after the end of each monthly accounting period in each fiscal year of Borrower, a Borrowing Base Certificate computed as of the last day of such month, signed by the assistant treasurer or chief financial officer of Borrower; and

(d) upon request and within 10 Business Days thereafter (i) an aged trial balance of all Accounts indicating which Accounts are thirty (30), sixty (60) and ninety (90) days past the original invoice date of the original invoice related thereto and listing the names of all Account Debtors, (ii) a listing of accounts payable of Borrower and its consolidated subsidiaries indicating which accounts payable are more than thirty (30) days past due.

7.2 CONDUCT OF BUSINESS. Borrower and its consolidated subsidiaries shall: (a) maintain their existence and maintain in full force and effect all licenses, bonds, franchises, leases, patents, contracts and other rights necessary to the conduct of their business; (b) continue in, and limit their operations to, the same general line of business as that presently conducted by them; (c) comply with all Governmental Requirements, except for such Governmental Requirements the violation of which would not, in the aggregate, have a material adverse effect on Borrower's financial condition, results of operations or business; (d) keep and conduct their business separate and apart from the business of Affiliates; and (e) otherwise do all things necessary to make the Representations and Warranties set forth in Section 6 of this Agreement true and correct at all times.

7.3 INSURANCE. Borrower and its consolidated subsidiaries shall maintain, at their expense, such liability and property insurance (including as applicable commercial general liability insurance, products liability insurance and workman's compensation insurance) as is ordinarily maintained by other companies in similar businesses.

7.4 FINANCIAL COVENANTS AND RATIOS. Borrower shall maintain at all times: (a) a Tangible Net Worth of not less than $65,000,000; (b) a Current Ratio Net of Hedged Inventory of not less than 1.25 to 1; (c) a Debt to Capitalization Ratio of not more than 70%; (d) Working Capital of not less than $45,000,000; and (e) a ratio of long term debt minus the non-recourse portion of long term debt to Tangible Net Worth of not more than 1.25 to 1.

7.5 BENEFIT PLANS. Borrower and its consolidated subsidiaries shall: (a) keep in full force and effect any and all Benefit Plans which are presently in existence or may, from time to time, come into existence under ERISA, unless such Benefit Plans can be terminated without material liability to Borrower and its consolidated subsidiaries in connection with such termination (as distinguished from any continuing funding obligation); (b) make contributions to all Benefit Plans in a timely manner and in an amount sufficient to comply with the requirements of ERISA; (c) comply with all requirements of ERISA which relate to such Benefit Plans; and (d) notify the Agent immediately upon receipt by Borrower and its consolidated subsidiaries of any notice of the institution of any proceeding or other action relating to any Benefit Plans that would reasonably be expected to have a material adverse effect on Borrower or its financial condition.

7.6 NOTICE OF SUIT, ADVERSE CHANGE IN BUSINESS OR DEFAULT. Borrower shall, as soon as possible, and in any event within five (5) Business Days after Borrower learns of the following, give written notice to the Agent of: (a) any proceeding being instituted or threatened to be instituted by or against Borrower or its consolidated subsidiaries in any federal, state, local or foreign court or before any commission or other regulatory body (federal, state, local or foreign) for which claimed damages exceed $5,000,000; (b) any material adverse change in the business, assets or condition, financial or otherwise, of Borrower and its consolidated subsidiaries; and (c) the occurrence of any Default.

7.7 USE OF PROCEEDS. Borrower and its consolidated subsidiaries shall use Advances only for the purposes stated in Section 2.4 and for no other purpose.

7.8 BOOKS AND RECORDS. Borrower and its consolidated subsidiaries shall maintain proper books of record and account in accordance with GAAP consistently applied in which true, full and correct entries will be made of all their respective dealings and business affairs. If any changes in accounting principles are hereafter required or permitted by GAAP and are adopted by Borrower and its consolidated subsidiaries with the concurrence of its independent certified public accountants and such changes in GAAP result in a change in the method of calculation or the interpretation of any of the financial covenants, standards or terms found in Section 7.4 or any other provision of this Agreement, Borrower and the Required Lenders agree to amend any such affected terms and provisions so as to reflect such changes in GAAP with the result that the criteria for evaluating Borrower's financial condition shall be the same after such changes in GAAP as if such changes in GAAP had not been made.

8 NEGATIVE COVENANTS.

Borrower covenants and agrees that so long as any Liabilities remain outstanding, and (even if there shall be no Liabilities outstanding) so long as the Lenders remain committed to make Loans or issue Letters under this Agreement (unless the Agent, with the written approval of the Required Lenders, shall give the Agent's prior written consent):

8.1 ENCUMBRANCES. Except for those liens, security interests and encumbrances presently in existence and reflected in Borrower's financial statements referred to in Section 6.13 and disclosed in Exhibit 6A under Section 6.4, Borrower and its consolidated subsidiaries shall not create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien, capitalized lease, levy, assessment, attachment, seizure, writ, distress warrant, or other encumbrance of any nature whatsoever on or with regard to any of their assets other than: (a) liens securing the payment of taxes, either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which Borrower shall, if appropriate under GAAP, have set aside on Borrower's books and records adequate reserves; (b) liens securing deposits under workmen's compensation, unemployment insurance, social security and other similar laws, or securing the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or securing indemnity, performance or other similar bonds for the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or securing statutory obligations or surety or appeal bonds, or securing indemnity, performance or other similar bonds in the ordinary course of Borrower's business, which are not past due; (c) liens securing the interests of the broker with respect to any Margin Account; and (d) any other liens, security interests and encumbrances on property of Borrower and its consolidated subsidiaries other than Inventory, Accounts, General Intangibles (including contract rights) or the direct proceeds thereof.

8.2 CONSOLIDATIONS, MERGERS OR ACQUISITIONS. Borrower and its consolidated subsidiaries shall not enter into or execute any agreement to recapitalize or consolidate with, merge with, or otherwise acquire the assets or properties of any other Person other than Borrower and its consolidated subsidiaries, other than the acquisition of Inventory in the ordinary

course of business, in excess of $18,000,000 in the aggregate of exchange or transfer value in any fiscal year of Borrower.

8.3 INDEBTEDNESS. Borrower and its consolidated subsidiaries shall not incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any obligations or indebtedness, direct or indirect fixed or contingent, to finance working capital, except: (a) the Liabilities; or (b) letter of credit obligations to Persons other than a Lender in an amount not to exceed $500,000; and (c) trade obligations, Producer Payables and normal accruals in the ordinary course of their business not yet due and payable, or with respect to which they are contesting in good faith the amount or validity thereof by appropriate proceedings, and then only to the extent that they have set aside on their books adequate reserves therefor, if appropriate under GAAP.

8.4 GUARANTEES AND OTHER CONTINGENT OBLIGATIONS. Except as permitted under Section 8.3, Borrower and its consolidated subsidiaries shall not guarantee, endorse or otherwise in any way become or be responsible for obligations of any other Person, whether by agreement to purchase the indebtedness of such Person or through the purchase of Goods, supplies or services, or maintenance of working capital or other balance sheet covenants or conditions, or by way of stock purchase, capital contribution, advance or loan for the purpose of paying or discharging any indebtedness or obligation of such Person or otherwise, except: (a) for endorsements of negotiable Instruments for collection in the ordinary course of business; and (b) that they may indemnify their officers, directors and managers to the extent permitted under the laws of the State in which they are organized and may indemnify (in the customary manner) underwriters and any selling shareholders in connection with any public offering of Borrower's securities.

8.5 DISPOSITION OF PROPERTY. Except for the disposition of property in the ordinary course of business, Borrower and its consolidated subsidiaries shall not sell, lease, transfer or otherwise dispose of any of their properties, assets or rights in excess of the aggregate amount of $5,000,000 in book value in each fiscal year of Borrower.

8.6 DISTRIBUTIONS IN RESPECT OF EQUITY. Borrower and its consolidated subsidiaries shall not directly or indirectly redeem any of Borrower's shares of capital stock or declare any dividends in any year on any class of Borrower's capital stock in excess of the aggregate of fifty percent (50%) of a rolling average of positive pretax income with respect to the current and prior fiscal year of Borrower.

8.7 LOANS TO AFFILIATES. Except for advances for travel and expenses to their officers, directors, managers, general partners or employees in the ordinary course of their business, Borrower and its consolidated subsidiaries shall not make deposits, investments, advances or loans in or to any Affiliates that have not executed and delivered a Guaranty as described in Section 5, in excess of $15,000,000 in the aggregate in each fiscal year of Borrower. All transactions with Affiliates shall be bona fide arms length transactions that are no less favorable to Borrower and its consolidated subsidiaries than would be a similar transaction with a non-affiliated third person.

8.8 DEPOSITS, INVESTMENTS, ADVANCES OR LOANS. Borrower and its consolidated subsidiaries shall not make or permit to exist deposits, investments, advances or loans (other than deposits, investments, advances or loans existing on the date of the execution of this Agreement and disclosed to the Agent in writing on or prior to such date) in or to Affiliates or any other Person, except: (a) investments in short term direct obligations of the United States Government (b) investment grade corporate and state and local government securities; (c) certificates of deposit or demand deposit accounts issued by or maintained with a bank satisfactory to the Agent in the Agent's reasonable determination; (d) deposits, investments, advances or loans to officers, directors, employees, or Affiliates as and when permitted by Section 8.7; (e) secured loans in the ordinary course of business; and (f) unsecured loans and/or investments that are in the same line or lines of business as presently engaged in by Borrower and its consolidated subsidiaries not to exceed $15,000,000 in the aggregate in each fiscal year of Borrower.

9 DEFAULT AND RIGHTS AND REMEDIES; THE AGENT.

9.1 LIABILITIES. Upon a Matured Default, the Agent may with the consent of the Required Lenders, and shall at the request of the Required Lenders, by notice to Borrower and the Lenders, (i) declare the Commitments to be terminated, whereupon such obligations and the Commitments of each Lender shall terminate, and (ii) declare all of the Liabilities to be due and payable, whereupon the Liabilities shall become and be due and payable, without presentment, demand, protest or further notice (including without limitation, notice of intent to accelerate and notice of acceleration) of any kind, all of which are expressly waived by Borrower. Anything herein to the contrary notwithstanding, it is understood that no Lender shall have the right to individually enforce any Financing Agreement which is entered into with or for the Agent, such enforcement residing with the Agent as contemplated by the following Section 9.2 of this Agreement and by the applicable provisions of the other Financing Agreements.

9.2 RIGHTS AND REMEDIES. Upon the occurrence and during the continuance of any Matured Default, the Agent may with the consent of the Required Lenders (subject to the provisions of the other Financing Agreements), and shall at the direction of the Required Lenders, proceed to protect and enforce the rights of the Lenders as set forth in this Section 9.2. The Agent may proceed by suit in equity, by action at law or both, whether for the specific performance of any covenant or agreement contained in this Agreement or in any other Financing Agreement or in aid of the exercise of any power granted in this Agreement or any other Financing Agreement, (i) to enforce the payment of the Liabilities, or (ii) to foreclose upon any liens, claims, security interests and/or encumbrances granted pursuant to this Agreement and other Financing Agreements in the manner set forth therein; it being intended that no remedy conferred herein or in any of the other Financing Agreements is to be exclusive of any other remedy, and each and every remedy contained herein or in any other Financing Agreement shall be cumulative and shall be in addition to every other remedy given hereunder and under the other Financing Agreements, or at any time existing at law or in equity or by statute or otherwise. Agent shall have, in addition to any other rights and remedies contained in this Agreement or in any of the other Financing Agreements, all of the rights and remedies of a secured party under the Code or other applicable laws.

9.3 WAIVER OF DEMAND. Borrower expressly waives demand, presentment, protest, and notice of nonpayment, notice of intent to accelerate and notice of acceleration. Borrower also waives the benefit of all valuation, appraisal and exemption laws.

9.4 WAIVER OF NOTICE. Upon the occurrence and during the continuance of any Matured Default, Borrower waives, to the fullest extent permitted by applicable law, all rights to notice and hearing of any kind prior to the exercise by the Agent of the Agent's rights.

9.5 AUTHORIZATION AND ACTION. Each Lender appoints the Agent as its Agent under, and irrevocably authorizes the Agent (subject to Section 9.11) to take such action on its behalf and to exercise such powers under any Financing Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto. Without limitation of the foregoing, each Lender expressly authorizes the Agent to execute, deliver, and perform its obligations under each of the Financing Agreements to which the Agent is a party, and to exercise all rights, powers, and remedies that the Agent may have thereunder. As to any matters not expressly provided for by this Agreement, the Agent shall not be required to exercise any discretion or take any action, but shall be required to act, or to refrain from acting (and shall be fully protected in so acting or refraining from acting), upon the instructions of the Required Lenders, and such instructions shall be binding upon all the Lenders and all holders of any Note; provided however, that the Agent shall not be required to take any action which exposes the Agent to personal liability or which is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by Borrower pursuant to the terms of any Financing Agreement.

9.6 AGENT'S RELIANCE, ETC. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to any Lender for any action taken or omitted to be taken by it or them under or in connection with any Financing Agreement, except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Agent: (a) may treat the original or any successor holder of any Note as the holder thereof until it receives notice from the Lender which is the payee of such Note concerning the assignment of such Note; (b) may employ and consult with legal counsel (including counsel for Borrower), independent public accountants, and other experts selected by it and shall not be liable to any Lender for any action taken, or omitted to be taken, in good faith by it or them in accordance with the advice of such counsel, accountants, or experts received in such consultations and shall not be liable for any negligence or misconduct of any such counsel, accountants or other experts; (c) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any opinions, certifications, statements, warranties or representations made in or in connection with any Financing Agreement; (d) shall not have any duty to any Lender to ascertain or to inquire as to the performance or observance of any of the terms, covenants, or conditions of any Financing Agreement or any other instrument or document furnished pursuant thereto or to satisfy itself that all conditions to and requirements for any Loan have been met or that Borrower is entitled to any Loan or to inspect the property (including the books and records) of Borrower; (e) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any Financing Agreement or any other instrument or

document furnished pursuant thereto; and (f) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate, or other instrument or writing (which may be by telegram, cable, telex, or otherwise) believed by it to be genuine and signed or sent by the proper party or parties.

9.7 NOTICES OF DEFAULTS. Except as provided in this Section 9.7, the Agent shall not be deemed to have knowledge of the occurrence of a Default or a Matured Default unless the Agent has received written notice from a Lender or Borrower specifying such Default or Matured Default and stating that such notice is a "Notice of Default". Notwithstanding the foregoing, the Agent shall be deemed to have knowledge of the occurrence of a Default or a Matured Default: (a) consisting of the non-payment of principal or interest, on or before the fifth day after the due date of such principal or interest, (b) on the date the Agent has received a Compliance Certificate of Borrower as required by Section 7.1, which Compliance Certificate discloses (without review of any financial statements attached thereto) the existence of any Default or Matured Default, and (c) ten (10) Business Days after the date the Agent has received a Compliance Certificate of Borrower as required by Section 7.1, which Compliance Certificate (after review of any financial statements attached thereto) would disclose the existence of any Default or Matured Default. In the event that the Agent obtains such knowledge of the occurrence of a Default or a Matured Default, the Agent shall within three (3) Business Days thereafter, give prompt notice thereof to the Lenders. The Agent shall (subject to Sections 9.1 and 9.2) take such action with respect to such Default or Matured Default as may be directed by the Required Lenders; provided that, unless and until the Agent shall have received the directions referred to in Sections 9.1 and 9.2, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Matured Default as it shall deem advisable and in the best interest of the Lenders.

9.8 THE AGENT AS A LENDER, AFFILIATES. With respect to its Commitment, any Loan made by it, and the Note issued to it, the Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include the Agent in its individual capacity. The Agent and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, Borrower, any of its respective Affiliates and any Person who may do business with or own securities of Borrower or any such Affiliate, all as if the Agent were not the Agent and without any duty to account therefor to the Lenders.

9.9 NON-RELIANCE ON AGENT AND OTHER LENDERS. Each Lender agrees that it has, independently and without reliance on the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of Borrower and its decision to enter into the transactions contemplated by the Financing Agreements and that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under any Financing Agreement. The Agent shall not be required to keep itself informed as to the performance or observance by Borrower or any other Person of any Financing Agreement or to

inspect the properties or books of Borrower. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of Borrower (or any of their Affiliates) which may come into the possession of the Agent or any of its Affiliates. Notwithstanding the foregoing, the Agent will, upon the request of any Lender, provide to such Lender, at such Lender's expense, copies of any and all written information provided to the Agent by Borrower.

9.10 INDEMNIFICATION. Notwithstanding anything to the contrary herein contained, the Agent shall be fully justified in failing or refusing to take any action unless it shall first be indemnified to its satisfaction by the Lenders against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, and disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of its taking or continuing to take any action. Each Lender agrees to indemnify the Agent (to the extent not reimbursed by Borrower), on a pro-rata basis according to such Lender's Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of any Financing Agreement or any action taken or omitted by the Agent under any Financing Agreement; provided that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements resulting from the gross negligence or willful misconduct of the Agent; and provided further, that it is the intention of each Lender to indemnify the Agent against the consequences of the Agent's own negligence, whether such negligence be sole, joint, concurrent, active or passive. Without limiting the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its pro-rata share, according to such Lender's Commitments of any out-of-pocket expenses (including attorneys' fees) incurred by the Agent in connection with the preparation, administration, or enforcement of, or legal advice in respect of rights or responsibilities under, any Financing Agreement, to the extent that the Agent is not reimbursed for such expenses by Borrower.

9.11 SUCCESSOR AGENT. The Agent may resign at any time as Agent under the Financing Agreements by giving written notice thereof to the Lenders and Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent with, provided that no Default has occurred and is continuing hereunder, the prior written consent of Borrower, such consent not to be unreasonably withheld. If no successor Agent shall have been so appointed by the Required Lenders or shall have accepted such appointment within sixty (60) days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent with, provided that no Default has occurred and is continuing hereunder, the prior written consent of Borrower, such consent not to be unreasonably withheld, which shall be a commercial bank or other financial institution organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $500,000,000. Upon the

acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After the retiring Agent's resignation or removal as Agent, the provisions of Section 9.10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

9.12 VERIFICATION OF BORROWING NOTICES. The natural Person signing this Agreement on behalf of Borrower (or any one of them, if more than one), or any natural Person designated by them (or any one of them) shall be presumed to have the authority to request Advances or request the issuance of Letters under this Agreement. The Agent shall have no duty to verify the authenticity of the signature appearing on any notice of borrowing or request for the issuance of a Letter, and with respect to any oral request for an Advance or request for the issuance of a Letter, the Agent shall have no duty to verify the identity of any Person representing himself as one of the natural Persons authorized to make such request on behalf of Borrower. Neither the Agent nor any Lender shall incur any liability to Borrower in acting upon any telephonic notice referred to above which the Agent or such Lender believes in good faith to have been given by a duly authorized Person authorized to borrow on behalf of Borrower or for otherwise acting in good faith.

10 MISCELLANEOUS.

10.1 TIMING OF PAYMENTS. For purposes of determining the outstanding balance of the Liabilities, including without limitation, the computations of interest which may from time to time be owing to the Agent or the Lenders, the receipt by the Agent of any check or any other item of payment, shall not be treated as a payment on account of the Liabilities until such check or other item of payment is actually received by the Agent and is paid to the Agent in cash or a cash equivalent.

10.2 ATTORNEYS' FEES AND COSTS. If at any time the Agent employs counsel in connection with any matters contemplated by or arising out of this Agreement, whether: (a) to commence, defend, or intervene in any litigation or to file a petition, complaint, answer, motion or other pleading; (b) to take any other action in or with respect to any suit or proceeding (bankruptcy or otherwise); (c) to consult with officers of the Agent to advise the Agent or to draft documents for the Agent in connection with any of the foregoing or in connection with any release of the Agent's claims or any proposed extension, amendment or refinancing of the Liabilities; or (d) to enforce any rights of the Agent to collect any of the Liabilities; then in any of such events, all of the reasonable attorneys' fees arising from such services, and any related expenses, costs and charges, including without limitation, all fees of all paralegals, legal assistants and other staff employed by such attorneys whether outside the Agent or in the Agent's legal department, together, if not paid promptly by Borrower, with interest at the highest interest rate then payable by Borrower under this Agreement or any other Financing Agreement, shall constitute additional Liabilities, payable on demand. In addition, if a Matured Default has occurred and is continuing, and thereafter any Lender employs counsel in connection with, arising out of, or any way related to, protecting, exercising or enforcing this Agreement or the

other Financing Agreements or (x) to commence, defend or intervene in any litigation or to file a petition, complaint, answer, motion or other pleading; (y) to take any other action in or with respect to any suit or proceeding (bankruptcy or otherwise); or (z) to enforce any rights of such Lender to collect any of the Liabilities; then in any of such events, all of the reasonable attorneys' fees arising from such services, and any expenses, costs and charges relating thereto, including without limitation, all fees of all paralegals, legal assistants and other staff employed by such attorneys whether outside the Lender or in the Lender's legal department, together, if not paid promptly by Borrower, with interest at the highest interest rate then payable by Borrower under this Agreement or any other Financing Agreement, shall constitute additional Liabilities, payable on demand. This Section 10.2 shall survive the termination of this Agreement.

10.3 EXPENDITURES BY THE AGENT. In the event that Borrower shall fail to pay costs or expenses which Borrower is, under any of the terms hereof or of any of the other Financing Agreements, required to pay, the Agent may, in the Agent's sole discretion and without obligation to do so, make expenditures for any or all of such purposes, and the amount so expended, together, if not paid promptly by Borrower, with interest at the highest interest rate then payable by Borrower under this Agreement or any other Financing Agreement, shall constitute additional Liabilities, payable on demand.

10.4 THE AGENT'S COSTS AND EXPENSES AS ADDITIONAL LIABILITIES. Borrower shall reimburse the Agent for all expenses and fees paid or incurred in connection with the documentation, negotiation and closing of the Loans and other financial accommodations described in this Agreement (including without limitation, filing fees, recording fees, document or recording taxes, search fees, appraisal fees and expenses, and the fees and expenses of the Agent's attorneys, paralegals, and legal assistants, whether outside the Agent or in the Agent's legal department, and whether such expenses and fees are incurred prior to or after the Closing Date). Borrower further agrees to reimburse the Agent for all expenses and fees paid or incurred in connection with the documentation of any renewal or extension of the Loans, any additional financial accommodations, or any other amendments to this Agreement. All costs and expenses incurred by the Agent with respect to such negotiation and documentation, together, if not paid promptly by Borrower, with interest at the highest interest rate then payable by Borrower under this Agreement or any other Financing Agreement, shall constitute additional Liabilities, payable on demand.

10.5 CLAIMS AND TAXES. Borrower agrees to indemnify and hold the Agent and the Lenders harmless from and against any and all claims, demands, liabilities, losses, damages, penalties, costs, and expenses (including without limitation, reasonable attorneys' fees) relating to or in any way arising out of the possession, use, operation or control of any assets of Borrower and its consolidated subsidiaries, or arising out of or related to this Agreement or the other Financing Agreements, which agreement to indemnify and hold the Agent and the Lenders harmless shall survive the termination of this Agreement. Borrower and its consolidated subsidiaries shall pay or cause to be paid all taxes and other governmental charges assessed against Borrower and its consolidated subsidiaries, or payable by Borrower and its consolidated subsidiaries, at such times and in such manner as to prevent any penalty from accruing or any lien or charge from attaching to their property, provided, however, that they shall have the right

to contest in good faith, by an appropriate proceeding promptly initiated and diligently conducted, the validity, amount or imposition of any such tax, and upon such good faith contest to delay or refuse payment thereof, if: (a) Borrower establishes adequate reserves to cover such contested taxes; and (b) such contest does not have a material adverse effect on the financial condition of Borrower or the ability of Borrower to pay any of the Liabilities.

10.6 CUSTODY AND PRESERVATION OF COLLATERAL. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of any collateral in the Agent's possession if the Agent takes such action for that purpose as Borrower shall request in writing, but failure by the Agent to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure by the Agent or any Lender to preserve or protect any right with respect to such collateral against prior parties, or to do any act with respect to the preservation of such collateral not so requested by Borrower, shall of itself be deemed a failure to exercise reasonable care in the custody or preservation of such collateral.

10.7 INSPECTION. The Agent (by and through its officers and employees), or any Person designated by the Agent in writing (including officers and employees of the other Lenders), shall have the right from time to time, to call at Borrower's place or places of business during reasonable business hours, and, without hindrance or delay, to: (a) inspect, audit, check and make copies of and extracts from Borrower's books, records, journals, orders, receipts and any correspondence and other data relating to the business of Borrower and its consolidated subsidiaries or to any transactions between the parties to this Agreement; (b) make such verification as the Agent may consider reasonable under the circumstances; and (c) review operating procedures, review maintenance of property and discuss the affairs, finances and business of Borrower and its consolidated subsidiaries with Borrower's officers, employees or directors.

10.8 EXAMINATION OF BANKING RECORDS. Borrower consents to the examination by the Agent (by and through its officers and employees), or any Person designated by the Agent in writing (including officers and employees of the other Lenders), whether or not there shall have occurred a Default or a Matured Default, of any and all of banking records of Borrower and its consolidated subsidiaries, wherever they may be found, and directs any Person which may be in control or possession of such records (including without limitation, any bank, other financial institution, accountant or lawyer) to provide such records to the Agent and the Agent's officers, employees and agents, upon their request. Such examination may be conducted by the Agent with or without notice to Borrower at the option of the Agent, any such notice being waived by Borrower.

10.9 GOVERNMENTAL REPORTS. Borrower will furnish to the Agent, upon the reasonable request of the Agent, copies of the reports of examinations or inspections of Borrower and its consolidated subsidiaries by all Governmental Authorities, and if Borrower fails to furnish such copies to the Agent, Borrower authorizes all such Government Authorities to furnish to the Agent copies of their reports of examinations or inspections of Borrower and its consolidated subsidiaries.

10.10 RELIANCE BY THE AGENT, THE ISSUER AND THE LENDERS. All covenants, agreements, representations and warranties made herein by Borrower shall, notwithstanding any investigation by the Agent or any of the Lenders, be deemed to be material to and to have been relied upon by the Agent, the Issuer and the Lenders.

10.11 PARTIES. Whenever in this Agreement there is reference made to any of the parties, such reference shall be deemed to include, wherever applicable, a reference to the respective successors and assigns of Borrower, the Agent, the Lenders and the Issuer. Borrower shall not assign any of it rights or delegate any of its duties under this Agreement or any of the other Financing Agreements without the prior written consent of the Lenders.

10.12 APPLICABLE LAW; SEVERABILITY. This Agreement shall be construed in all respects in accordance with, and governed by, the laws and decisions of the State of Colorado and the laws, regulations and decisions of the United States applicable to national banks. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

10.13 SUBMISSION TO JURISDICTION; WAIVER OF BOND AND TRIAL BY JURY. WITH RESPECT TO ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS, DEBTS, DAMAGES, COSTS AND EXPENSES, WHATSOEVER, WHETHER BASED ON STATUTE, COMMON LAW, PRINCIPLES OF EQUITY OR OTHERWISE, ARISING OUT OF ANY MATTER, THING OR EVENT WHICH IS DIRECTLY OR INDIRECTLY RELATED TO THIS AGREEMENT, BORROWER CONSENTS TO THE JURISDICTION OF ANY LOCAL, STATE, OR FEDERAL COURT LOCATED WITHIN THE CITY AND COUNTY OF DENVER, COLORADO AND WAIVES ANY OBJECTION WHICH BORROWER MAY HAVE BASED ON IMPROPER VENUE OR FORUM NON CONVENIENS TO THE CONDUCT OF ANY PROCEEDING IN ANY SUCH COURT AND WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON BORROWER, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY MAIL OR MESSENGER DIRECTED TO BORROWER AT THE ADDRESS SET FORTH IN SECTION 10.19. SERVICE, SO MADE, SHALL BE DEEMED TO BE COMPLETE UPON THE EARLIER OF ACTUAL RECEIPT OR THREE (3) DAYS AFTER THE SAME SHALL HAVE BEEN POSTED. AT THE OPTION OF THE AGENT, BORROWER WAIVES, TO THE EXTENT PERMITTED BY LAW, TRIAL BY JURY, AND WAIVES ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF THE AGENT.

10.14 APPLICATION OF PAYMENTS; WAIVER. Payments made by Borrower under this Agreement shall generally be applied first to any costs or fees owing by Borrower to the Agent or any Lender, shall be applied second to any interest payments owing hereunder which are due and unpaid, shall be applied third to any outstanding principal owing hereunder, and shall be applied fourth to interest accrued but not yet due. Notwithstanding any contrary provision

contained in this Agreement or in any of the other Financing Agreements, Borrower irrevocably waives the right to direct the application of any and all payments at any time received by the Agent from Borrower, and Borrower irrevocably agrees that the Agent shall have the continuing exclusive right to apply and reapply any and all payments received at any time against the Liabilities, in such manner as the Agent may deem advisable, notwithstanding any entry by the Agent upon any of the Agent's books and records. Provided, however, this Section 10.14 shall not apply to any transactions unrelated to this Agreement in which the Agent or its affiliates may have accepted deposits from, lent money to, acted as trustee under indentures of, or generally engaged in business with Borrower, any Affiliates or any Person who may do business with or own securities of Borrower or any such Affiliate.

10.15 MARSHALING; PAYMENTS SET ASIDE. The Agent and the Lenders shall be under no obligation to marshal any assets in favor of Borrower or against or in payment of any or all of the Liabilities. To the extent that Borrower makes a payment or payments to the Agent or any Lender exercises a right of setoff, and such payment or payments or the proceeds of such setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

10.16 SECTION TITLES. The section titles contained in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties.

10.17 CONTINUING EFFECT. This Agreement and all of the other Financing Agreements shall continue in full force and effect so long as any Liabilities shall be owed to the Agent and/or any of the Lenders and (even if there shall be no Liabilities outstanding) so long as the Agent and/or any of the Lenders remains committed to make Loans or issue Letters under this Agreement.

10.18 NO WAIVER. The Agent's or the Required Lenders' failure, at any time or times hereafter, to require strict performance by Borrower of any provision of this Agreement or the other Financing Agreements shall not waive, affect or diminish any right of the Agent or the Required Lenders thereafter to demand strict compliance and performance therewith. Any suspension or waiver by the Agent or the Required Lenders of any Default or Matured Default under this Agreement or any of the other Financing Agreements, shall not suspend, waive or affect any other Default or Matured Default under this Agreement or any of the other Financing Agreements, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. None of the undertakings, agreements, warranties, covenants and representations of Borrower contained in this Agreement or any of the other Financing Agreements and no Default or Matured Default under this Agreement or any of the other Financing Agreements, shall be deemed to have been suspended or waived by the Agent or the Required Lenders unless such suspension or waiver is in writing signed by an officer of the

Agent or each of the Required Lenders (as applicable) and is directed to Borrower specifying such suspension or waiver.

10.19 NOTICES. Except as otherwise expressly provided herein, any notice required or desired to be served, given or delivered pursuant to this Agreement shall be in writing, and shall be sent by manual delivery, facsimile transmission, overnight courier or United States mail (postage prepaid) addressed to the party to be notified as follows:

(a) If to the Agent at:

U.S. Bank National Association
950 Seventeenth Street, Suite 350
Denver, Colorado 80202
Attn: Sandra A. Sauer

with a copy to:

Campbell Bohn Killin Brittan & Ray, LLC
270 St. Paul Street, Suite 200
Denver, Colorado 80206
Attn: Michael D. Killin

(b) If to Borrower at:

The Andersons, Inc.
480 West Dussel Drive
Maumee, OH 43537
Attn: Gary L. Smith, V.P. of Finance / Treasurer

with a copy to:

The Andersons, Inc.
480 West Dussel Drive
Maumee, OH 43537
Attn: Counsel / Elizabeth Hall

or, as to each party, addressed to such other address as shall be designated by such party in a written notice to the other parties. All such notices shall be deemed given on the date of delivery if manually delivered, on the date of sending if sent by facsimile transmission, on the first business day after the date of sending if sent by overnight courier, or three (3) days after the date of mailing if mailed.

10.20 REGULATORY CHANGES. In the event any Governmental Authority (i) subjects the Lenders or any of them or any of their respective lending offices to any new or additional charge, fee, withholding, duty or tax of any kind with respect to any Loans, Letters, LC Obligations or

other Liabilities hereunder, (ii) changes the method or basis of taxation of such Loans, Letters, LC Obligations or other Liabilities, except for changes in the rate of tax on the overall net income of such Lender or its lending office imposed by the jurisdiction in which such Lender's principal executive office or lending office is located, or (iii) changes the reserve or deposit requirements applicable to such Loans, Letters, LC Obligations or other Liabilities (including, without limitation, the imposition, modification or deemed application of any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any LIBOR Rate Loans any such requirement included in an applicable LIBOR Rate) against assets of, deposits with or for the account of any Lender, or its lending office, and including without limitation, the issuance of a request or directive regarding capital adequacy (whether or not having the force of law) that has the effect of reducing the rate of return on such Lender's capital as a consequence of its obligations under this Agreement to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy)), then in any such event, Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such costs or lost income resulting thereby as reasonably determined by such Lender.

10.21 LIBOR RATE LOANS. Without limiting the generality of Section 10.20, anything in this Agreement to the contrary notwithstanding, if any Lender shall notify the Agent that: (i) the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or that any central bank or other Governmental Authority asserts that it is unlawful to fund or maintain LIBOR Rate Loans (whether or not such assertion carries the force of law), (ii) deposits in U.S. Dollars (in the applicable amounts) are not being offered to it in the interbank eurodollar market for any requested Interest Period, (iii) by reason of circumstances affecting the interbank eurodollar market adequate and reasonable means do not exist for ascertaining the applicable LIBOR Rate; (iv) that the applicable LIBOR Rate will not adequately and fairly reflect the cost to such Lender of funding their LIBOR Rate Loans for such Interest Period or (v) that the making or funding of LIBOR Rate Loans is impracticable for such Lender, the obligation of such Lender to make, rollover or to convert Loans into LIBOR Rate Loans shall be suspended until such Lender shall notify the Agent and the Borrower that the circumstances causing such suspension no longer exist, and the existing LIBOR Rate Loans of such Lender shall automatically convert, on and as of the date of such notification, into Base Rate Loans; provided that each Lender represents and warrants to Borrower that as of the later of (i) the Closing Date or (ii) the date on which it shall have executed an Assignment and Acceptance pursuant to Section 10.23, it has no actual knowledge that any of the circumstances set forth above exist.

10.22 TAXES. Without limiting the generality of Section 10.20:

(a) Except as otherwise provided in Section 10.22(d), any and all payments by Borrower hereunder or under the Notes shall be made free and clear of and without deduction for any and all present or future taxes, deductions, charges or withholdings, and all liabilities with respect thereto, including without limitation, such taxes, deductions, charges, withholdings or liabilities whatsoever imposed, assessed, levied or collected by any taxing authority and all (other than to the extent due to the gross negligence or willful misconduct of any Lender)

interest, penalties, expenses or similar liabilities with respect thereto ("TAXES"), excluding, however, from the definition of Taxes, in the case of each Lender and the Agent, taxes imposed on its income (including penalties and interest payable in respect thereof), and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof. If Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note to any Lender or the Agent (other than payments for which taxes are withheld pursuant to the last sentence of Section 10.22(d)), (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 10.22) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made and (ii) Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law, less any credits due to Borrower.

(b) In addition, Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under the Notes or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or the Notes (hereinafter included within the definition of "TAXES").

(c) Borrower will indemnify each Lender and the Agent for the full amount of Taxes (including without limitation, any Taxes imposed by any jurisdiction on amounts payable under this Section 10.22) paid by such Lender or the Agent (as the case may be) and any liability arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted. This indemnification shall be made within five (5) days from the date such Lender or the Agent (as the case may be) makes written demand therefor; provided however, to the extent that any Lender is reimbursed for any Taxes that were incorrectly or illegally asserted with respect to Borrower, such Lender shall promptly return to Borrower the amount of such reimbursement net of any costs of recovery incurred by such Lender and/or the Agent, together with any interest that may have been paid by the taxing jurisdiction with respect thereto, to the extent Borrower has actually paid such Lender with respect thereto.

(d) Prior to the date of any Lender becoming a Lender hereunder, and from time to time thereafter if requested by Borrower or the Agent each Lender organized outside the United States shall provide the Agent and Borrower with the forms prescribed by the Internal Revenue Service of the United States (including, without limitation, Form W-8 BEN, Form W-8 ECI, or Form W-8 IMY) certifying such Lender's exemption from United States withholding taxes with respect to all payments to be made to such Lender hereunder and under the Notes. Unless Borrower and the Agent have received forms or other documents satisfactory to them indicating that payments hereunder or under any Note are not subject to United States withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, Borrower or the Agent shall withhold taxes from such payments for the account and benefit of Borrower at the applicable statutory rate in the case of payments to or for any Lender organized under the laws of a jurisdiction outside the United States; provided however, that all such withholding for such Lender shall cease upon delivery by such Lender of the applicable forms to Borrower and Agent.

(e) Promptly after the date on which payment of any Taxes are due pursuant to applicable law, Borrower will, at the request of the Agent or any Lender, furnish to the Agent or such Lender evidence in form and substance satisfactory to the Agent or such Lender, that Borrower has met its obligations under this Section 10.22.

(f) Without prejudice to the survival of any other agreement of Borrower, the agreement and obligations of Borrower contained in this Section 10.22 shall survive the payment in full of the Liabilities.

10.23 ASSIGNMENTS AND PARTICIPATION.

(a) After the Closing Date (and, provided that no Default has occurred and is continuing, subject to the prior written consent of Borrower, such consent not to be unreasonably withheld) each Lender may assign to any Person (the "ASSIGNEE") all or a portion of its rights and obligations under this Agreement (including without limitation, all or a portion of its Commitments and the Notes held by it); provided however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all of the assigning Lender's rights and obligations under this Agreement, (ii) the total amount of the Commitment or Commitments (based on the original Commitment or Commitments without giving effect to any repayments or prepayments) so assigned to an Assignee or to an Assignee and its Affiliates taken as a whole shall equal or exceed $5,000,000, (iii) the remaining Commitment or Commitments (based on the original Commitment or Commitments without giving effect to any repayments or prepayments) held by the assigning Lender after giving effect to any such assignment shall equal or exceed $5,000,000, (iv) the assignment will not cause Borrower to incur any additional liability or expense and (v) the parties to each such assignment shall execute and deliver to the Agent for its acceptance an Assignment and Acceptance in substantially the form attached as Schedule B ("ASSIGNMENT AND ACCEPTANCE"), together with any Note or Notes subject to such assignment and a processing and recordation fee of $5,000. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be the date on which such Assignment and Acceptance is accepted by the Agent, (vi) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender under the Financing Agreements and (vii) the Lender assignor thereunder shall be deemed to have relinquished its rights and to be released from its obligations under the Financing Agreements, to the extent (and only to the extent) that its rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under the Financing Agreements, such Lender shall cease to be a party thereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with

respect to any statements, warranties or representations made in or in connection with the Financing Agreements or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Financing Agreements or any other instrument or document furnished pursuant thereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of Borrower or the performance or observance by Borrower of any of its obligations under the Financing Agreements or any other instrument or document furnished pursuant hereto; (iii) such Assignee confirms that it has received a copy of the Financing Agreements, together with copies of the financial statements referred to in Section 7.16 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such Assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such Assignee appoints and authorizes the Agent to take such action as the Agent on its behalf and to exercise such powers under the Financing Agreements as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (vi) such Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Financing Agreements are required to be performed by it as a Lender.

(c) The Agent shall maintain at its address referred to in Section 10.19 a copy of each Assignment and Acceptance delivered to and accepted by it.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance and (ii) give prompt notice thereof to Borrower. Within five (5) Business Days after its receipt of such notice, Borrower, at its own expense, shall execute and deliver to the Agent in exchange for the surrendered Note or Notes, a new Note or new Notes to the order of such Assignee in an amount equal to the Commitment or Commitments assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment or Commitments, a portion of which has been assigned, a new Note or New Notes to the order of the assigning Lender in an amount equal to the Commitment or Commitments retained by it hereunder. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit 2A. Upon receipt by the Agent of such new Note or Notes conforming to the requirements set forth in the preceding sentences, the Agent shall return to Borrower such surrendered Note or Notes, marked to show that such surrendered Note or Notes has (have) been replaced, renewed and extended by such new Note or Notes.

(e) Each Lender may sell participation to one or more banks or other entities in or to all or a portion of its rights and obligations under this Agreement (including without limitation, all or a portion of its Commitments and the Note held by it); provided however, that (i) such Lender's obligations under this Agreement (including without limitation, its Commitments to

Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) the sale of the participation will not cause Borrower to incur any additional liability, and (v) Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, provided that no participant shall be entitled to recover under the above-described provisions an amount in excess of the proportionate share which such participant holds of the original aggregate principal amount hereunder to which the assigning Lender would otherwise be entitled.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.23, disclose to the assignee or participant or proposed assignee or participant, any information relating to Borrower furnished to such Lender by or on behalf of Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree in writing to preserve the confidentiality of any confidential information relating to Borrower received by it from such Lender.

(g) Any Lender may assign and pledge all or any of the instruments held by it as collateral security; provided that any payment made by Borrower for the benefit of such assigning and/or pledging Lender in accordance with the terms of the Financing Agreements shall satisfy Borrower's obligations under the Financing Agreements in respect thereof to the extent of such payment. No such assignment and/or pledge shall release the assigning and/or pledging Lender from its obligations hereunder.

10.24 MAXIMUM INTEREST. No agreements, conditions, provisions or stipulations contained in this Agreement or in any of the other Financing Agreements, or any Default or Matured Default, or any exercise by the Agent of the right to accelerate the payment of the maturity of principal and interest, or to exercise any option whatsoever, contained in this Agreement or any of the other Financing Agreements, or the arising of any contingency whatsoever, shall entitle the Agent to collect, in any event, interest exceeding the maximum authorized by law, and in no event shall Borrower be obligated to pay interest exceeding such rate, and all agreements, conditions or stipulations, if any, which may in any event or contingency whatsoever operate to bind, obligate or compel Borrower to pay a rate of interest exceeding the maximum allowed by law, shall be without binding force or effect, at law or in equity, to the extent only of the excess of interest over such maximum interest allowed by law. In the event any interest is charged in excess of the maximum allowed by law ("EXCESS"), Borrower acknowledges and stipulates that any such charge shall be the result of an accidental and bona fide error, and such Excess shall be, first, if a Matured Default has occurred and is continuing, applied to reduce the principal of any Liabilities due, and, second, returned to Borrower, it being the intention of the parties not to enter at any time into a usurious or otherwise illegal relationship. Borrower and the Agent both recognize that, with fluctuations of index rates and applicable margins, such an unintentional result could inadvertently occur. By the execution of this Agreement, Borrower covenants that: (a) the credit or return of any Excess shall constitute the acceptance by Borrower of such Excess; and (b) Borrower shall not seek or pursue any other

remedy, legal or equitable, against the Agent based, in whole or in part, upon the charging or receiving of any interest in excess of the maximum authorized by law. For the purpose of determining whether or not any Excess has been contracted for, charged or received by the Agent, all interest at any time contracted for, charged or received by the Agent in connection with the Liabilities shall be amortized, prorated, allocated and spread in equal parts during the entire term of this Agreement. Notwithstanding the foregoing, if for any period of time interest on any of Borrower's obligations is calculated at the Highest Lawful Rate rather than the rate otherwise applicable under this Agreement, and thereafter such applicable rate becomes less than the Highest Lawful Rate, the rate of interest payable on the Borrower's obligations shall remain at the Highest Lawful Rate until the Lenders have received the amount of interest which such Lenders would have received during such period on the Borrower's obligations had the rate of interest not been limited to the Highest Lawful Rate during such period.

10.25 ADDITIONAL ADVANCES. All fees, charges, expenses, costs, expenditures, obligations, liabilities, losses, penalties and damages incurred or suffered by the Agent and for which Borrower is bound to indemnify or reimburse the Agent under this Agreement (other than those which may be paid without demand therefor, by the Agent initiated Advances pursuant to Section 2.1) may, at the option of the Agent, be paid by Agent-initiated Advances pursuant to Section 2.1 if such amounts remain unpaid for a period of ten (10) days after the Agent has made demand therefor.

10.26 LOAN AGREEMENT CONTROLS. If there are any conflicts or inconsistencies among this Agreement and any of the other Financing Agreements, the provisions of this Agreement shall prevail and control.

10.27 OBLIGATIONS SEVERAL. The obligations of each Lender under each Financing Agreement to which it is a party are several, and no Lender shall be responsible for any obligation or Commitment of any other Lender under any Financing Agreement to which it is a party. Nothing contained in any Financing Agreement to which it is a party, and no action taken by any Lender pursuant thereto, shall be deemed to constitute the Lenders to be a partnership, an association, a joint venture, or any other kind of entity.

10.28 PRO RATA TREATMENT. All Loans under, and all payments and other amounts received in connection with, this Agreement (including, without limitation, amounts received as a result of the exercise by any Lender of any right of set-off), shall be effectively shared by the Lenders ratably in accordance with the respective Pro Rata Percentages of the Lenders. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the principal of, or interest on, or fees in respect of, any Note held by it (other than pursuant to Section 2.3(b), 2.5(a), 10.20, 10.21 or 10.22 or the normal and customary processing fees charged by an Issuer in connection with the issuance of or drawings under a Letter) in excess of its Pro Rata Percentage of payments on account of similar Notes obtained by all the Lenders, such Lender shall purchase from the other Lenders such participation in the Notes or Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such

purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (a) the amount of such Lender's required repayment to (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. Disproportionate payments of interest shall be shared by the purchase of separate participation in unpaid interest obligations, disproportionate payments of fees shall be shared by the purchase of separate participation in unpaid fee obligations, and disproportionate payments of principal shall be shared by the purchase of separate participation in unpaid principal obligations. Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 10.28 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of Borrower in the amount of such participation. Notwithstanding the foregoing, a Lender may receive and retain an amount in excess of its Pro Rata Percentage to the extent, but only to the extent, that such excess results from such Lender's Highest Lawful Rate exceeding another Lender's Highest Lawful Rate.

10.29 CONFIDENTIALITY. Each of the Agent and the Lenders agrees that it will use its best efforts to keep confidential, in accordance with its customary procedures for handling confidential information and in accordance with safe and sound banking practices, any proprietary information of Borrower in writing by Borrower, as being proprietary and confidential; provided that the Agent or any Lender may disclose any such information (a) to enable it to comply with any Governmental Requirement applicable to it, (b) in connection with the defense of any litigation or other proceeding brought against it arising out of the transactions contemplated by this Agreement and the other Financing Agreements, (c) in connection with the supervision and enforcement of the rights and remedies of the Agent and Lenders under any Financing Agreement and (d) as set forth in Section 10.23.

10.30 INDEPENDENCE OF COVENANTS. All covenants under this Agreement and the other Financing Agreements shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or a Matured Default if such action is taken or condition exists.

10.31 AMENDMENTS AND WAIVERS. Any term, covenant, agreement or condition of this Agreement or the other Financing Agreements may be amended only by a written amendment executed by Borrower, the Required Lenders and, if the rights or duties of the Agent are affected thereby, the Agent, or compliance therewith only may be waived (either generally or in a particular instance and either retroactively or prospectively), if Borrower shall have obtained the consent in writing of the Required Lenders and, if the rights or duties of the Agent are affected thereby, the Agent, provided however, that without the consent in writing of the holders of all outstanding Notes and LC Obligations, or of all Lenders if no Notes or Letters are outstanding, no such amendment or waiver shall (a) change the amount or postpone the date of payment of any scheduled payment or required payment of principal of the Notes or LC Obligations or reduce the rate or extend the time of payment of interest on the Notes, or reduce the amount of

principal thereof, or modify any of the provisions of the Notes with respect to the payment or prepayment thereof, (b) give to any Note any preference over any other Notes, (c) amend the definition of Required Lenders, (d) alter, modify or amend the provisions of this Section 10.31, (e) reduce the fees required under Section 2.5, (f) alter, modify or amend the provisions of Sections 9.1 or 9.2 of this Agreement, (g) alter, modify or amend any Lender's right hereunder to consent to any action, make any request or give any notice, or (h) release any guarantor of any of the Liabilities. Without the consent in writing of the affected Lender, no such amendment or waiver shall increase the amount of or the Pro Rata Percentage of any Commitment of such Lender or extend the term of any Commitment of such Lender. Any such amendment or waiver shall apply equally to all Lenders and all the holders of the Notes and/or LC Obligations and shall be binding upon them, upon each future holder of any Note or LC Obligation and upon Borrower, whether or not such Note or Letter shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived.

10.32 REPLACEMENT OF A LENDER. If a Lender (other than the Agent as a Lender) becomes a Replacement Candidate (as defined below), Borrower shall have the right to require such Lender to assign to another lender or other institution selected by Borrower and reasonably satisfactory to the Agent (which may be one or more of the Lenders) the Commitments and the Notes held by such Lender pursuant to the terms of an appropriately completed Assignment and Acceptance in accordance with Section 10.23; provided, that neither the Agent nor any Lender shall have any obligation to Borrower to find any such lender or other institution and in order for Borrower to replace a Lender, Borrower must require such replacement within three (3) months of the date the Lender became a Replacement Candidate. Each Lender (other than the Agent as a Lender) agrees to its replacement at the option of Borrower pursuant to this Section 10.32; provided, that the assignee selected by Borrower shall purchase such Lender's interest in the Loans owed to such Lender for cash in an aggregate amount equal to the aggregate unpaid principal thereof, all unpaid interest accrued thereon, all unpaid fees accrued for the account of such Lender and all other amounts then owing to such Lender hereunder or under any other Financing Agreement. A Lender will become a "REPLACEMENT CANDIDATE" if (i) it has made a demand under Sections 10.20, 10.21 or 10.22, (ii) it has defaulted on any obligation under this Agreement or (iii) it has become insolvent and its assets become subject to a receiver, liquidator, trustee, custodian, or other officer having similar powers. The rights of Borrower under this Section 10.32 shall be in addition to any other rights or remedies Borrower may have at law or in equity as a result of the events described in the definition of "Replacement Candidate".

10.33 REPRESENTATIONS BY THE LENDERS. Each Lender represents that it is the present intention of such Lender, as of the date of its acquisition of the Notes, to acquire the Notes for its account or for the account of its Affiliates, and not with a view to the distribution or sale thereof that would be in violation of any applicable laws, and, subject to any applicable laws, the disposition of such Lender's property shall at all times be within its control. The Notes have not been registered under the Securities Act of 1933, as amended (the "SECURITIES ACT"), and may not be transferred, sold or otherwise disposed of except (a) in a registered offering under the Securities Act; (b) pursuant to an exemption from the registration provisions of the Securities Act; or (c) if the Securities Act shall not apply to the Notes or the transactions contemplated by

the Financing Agreements. Nothing in this Section 10.33 shall affect the characterization of the Loans and the transactions contemplated hereunder as commercial lending transactions.

10.34 COUNTERPARTS AND FACSIMILE SIGNATURES. This Agreement, any other Financing Agreement and any subsequent amendment to any of them may be executed in several counterparts, each of which shall be construed together as one original. Facsimile signatures on this Agreement, any other Financing Agreement and any subsequent amendment to any of them shall be considered as original signatures.

10.35 SET-OFF. In the event that a Matured Default has occurred and is continuing, Borrower gives and confirms to each Lender a right of set-off of all moneys, securities and other property of Borrower (whether special, general or limited) and the proceeds thereof, at any time delivered to remain with or in transit in any manner to such Lender, its correspondent or its agents from or for Borrower, whether for safekeeping, custody, pledge, transmission, collection or otherwise or coming into possession of such Lender in any way, and also, any balance of any deposit accounts and credits of Borrower with, and any and all claims of security for the payment of the Liabilities owed by Borrower to such Lender, contracted with or acquired by the Lender, whether such liabilities and obligations be joint, several, absolute, contingent, secured, unsecured, matured or unmatured, and Borrower authorizes such Lender at any time or times, without prior notice, to apply such money, securities, other property, proceeds, balances, credits of claims, or any part of the foregoing, to such liabilities in such amounts as it may select, whether such Liabilities be contingent, unmatured or otherwise, and whether any collateral security therefor is deemed adequate or not. The rights described herein shall be in addition to any collateral security described in any separate agreement executed by Borrower.

10.36 BINDING EFFECT. This Agreement and all of the other Financing Agreements set forth the legal, valid and binding obligations of Borrower, the Agent and the Lenders and are enforceable against Borrower in accordance with their respective terms. Should more than one Person be a Borrower under this Agreement or any Note, the obligations of each such Person shall be joint and several. The Lenders may settle, release, compromise, collect or otherwise liquidate the obligations of any Borrower, any guarantor of such obligations, and any security or collateral for such obligations or for any such guaranty, in any manner, without affecting or impairing the obligations of any Borrower.

10.37 FINAL AGREEMENT. THIS WRITTEN AGREEMENT AND THE OTHER FINANCING AGREEMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the day and year first above written.

THE ANDERSONS, INC.

BY /s/ Gary L. Smith

ITS VICE PRESIDENT, FINANCE & TREASURER

U.S. BANK NATIONAL ASSOCIATION

BY /s/ Alan V. Schuler

ITS SENIOR VICE PRESIDENT

COBANK, ACB

BY /s/ S. Richard Dill

ITS VICE PRESIDENT

HARRIS TRUST AND SAVINGS BANK

BY /s/ Robert H. Wolohan

ITS VICE PRESIDENT

FIFTH THIRD BANK

BY /s/ Michael R. Miller

ITS EXECUTIVE VICE PRESIDENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK
B.A., "RABOBANK
INTERNATIONAL", NEW YORK
BRANCH

BY /s/ Brad Peterson

ITS EXECUTIVE DIRECTOR

BY /s/ Brett Delfino

ITS EXECUTIVE DIRECTOR

ABN AMRO BANK N.V.

BY /s/ Angela Noique

ITS GROUP VICE PRESIDENT

BY /s/ John M. Postore

ITS VICE PRESIDENT

LOAN AGREEMENT

BETWEEN

U. S. BANK NATIONAL ASSOCIATION
LEAD ARRANGER AND AGENT

COBANK, ACB
DOCUMENTATION AGENT

HARRIS TRUST AND SAVINGS BANK
SYNDICATION AGENT

AND

THE ANDERSONS, INC.

DATED AS OF OCTOBER 30, 2002

FIRST AMENDMENT TO LOAN AGREEMENT

This First Amendment to Loan Agreement ("AMENDMENT") is made as of December 17, 2002, by and among THE ANDERSONS, INC., an Ohio corporation (the "BORROWER"), the financial institutions signatory hereto (being at least the "REQUIRED LENDERS" as of the date of this Amendment) and U.S. BANK NATIONAL ASSOCIATION, a national banking association ("U.S. BANK"), in its capacity as Agent for the Lenders (in such capacity, the "AGENT") and as one of the Lenders.

RECITAL

The Borrower and the Lenders desire to amend certain provisions of the Loan Agreement made as of the 30th day of October, 2002, (as amended, modified, supplemented, renewed or restated from time to time, the "AGREEMENT").

NOW, THEREFORE, in consideration of the foregoing and of the terms and conditions contained in this Amendment, and of any loans or extensions of credit or other financial accommodations heretofore, now or hereafter made to or for the benefit of Borrower, the parties agree as follows:

1. Section 7.1 of the Agreement, Financial and Other Information, shall be amended by striking the words "and consolidating" in each place that they appear.

2. This Amendment shall be an integral part of the Agreement, and all of the terms set forth therein are hereby incorporated in this Amendment by reference, and all terms of this Amendment are hereby incorporated into said Agreement as if made an original part thereof. All of the terms and conditions of the Agreement, which are not modified in this Amendment, shall remain in full force and effect. To the extent the terms of this Amendment conflict with the terms of the Agreement, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first herein above written.

THE ANDERSONS, INC.

BY /s/ Gary L. Smith

ITS VICE PRESIDENT, FINANCE & TREASURER

U.S. BANK NATIONAL ASSOCIATION

BY /s/ Alan V. Schuler

ITS SENIOR VICE PRESIDENT

COBANK, ACB

BY /s/ S. Richard Dill

ITS VICE PRESIDENT

HARRIS TRUST AND SAVINGS BANK

BY /s/ Robert H. Wolohan

ITS VICE PRESIDENT

FIFTH THIRD BANK

BY /s/ Michael R. Miller

ITS EXECUTIVE VICE PRESIDENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK INTERNATIONAL", NEW
YORK BRANCH

BY /s/ Brad Peterson

ITS EXECUTIVE DIRECTOR

BY /s/ Brett Delfino

ITS EXECUTIVE DIRECTOR

ABN AMRO BANK N. V.

BY /s/ Angela Noique

ITS GROUP VICE PRESIDENT

BY /s/ John M. Postore

ITS VICE PRESIDENT

(SIGNATURE PAGE / FIRST AMENDMENT TO LOAN AGREEMENT)

SECOND AMENDMENT TO LOAN AGREEMENT

This Second Amendment to Loan Agreement ("AMENDMENT") is made as of October 10, 2003, by and among THE ANDERSONS, INC., an Ohio corporation (the "BORROWER"), the financial institutions signatory hereto (being all of the Lenders as of the date of this Amendment) and U.S. BANK NATIONAL ASSOCIATION, a national banking association ("U.S. BANK"), in its capacity as Agent for the Lenders (in such capacity, the "AGENT") and as one of the Lenders.

RECITAL

This Amendment is made with respect to the Loan Agreement made as of the 30th day of October, 2002, (as amended, modified, supplemented, renewed or restated from time to time, the "AGREEMENT"). Capitalized terms that are not defined in this Amendment shall have the meanings assigned to them in the Agreement. The Borrower and the Lenders desire to extend the term of the Commitments and to otherwise amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the terms and conditions contained in this Amendment, and of any loans or extensions of credit or other financial accommodations heretofore, now or hereafter made to or for the benefit of Borrower, the parties agree as follows:

1. Section 1.1 of the Agreement, GENERAL DEFINITIONS, is hereby amended by amending the following definitions to read as follows:

> "MATURITY DATE" shall mean, as applicable, the earlier of: (a) as to the Swing Line or the Line of Credit A, September 30, 2004; (b) as to the Line of Credit B and LC Obligations, September 30, 2006; and (c) in all cases, the earlier date of termination in whole of the Commitments pursuant to Sections 2.3(c), 2.8 or 9.1.

2. Section 10.19 of the Agreement, Notices, shall be amended to by adding the following two sentences to the end of such section, to read as follows:

> Notwithstanding the foregoing, Borrowing Base Certificates referred to in Section 7.1(c), may be furnished to the Agent and the Lenders by E-Mail to such E-Mail address or addresses as shall be designated by the Agent and the Lenders in a written notice to the Borrower. All such E-Mail deliveries shall be deemed given on the date of delivery."

3. This Amendment shall be an integral part of the Agreement, and all of the terms set forth therein are hereby incorporated in this Amendment by reference, and all terms of this Amendment are hereby incorporated into said Agreement as if made an original part thereof. All of the terms and conditions of the Agreement, which are not modified in this Amendment, shall remain in full force and effect. To the extent the terms of this Amendment conflict with the terms of the Agreement, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first herein above written.

THE ANDERSONS, INC.

BY /s/ Gary L. Smith

ITS VICE PRESIDENT, FINANCE & TREASURER

U.S. BANK NATIONAL ASSOCIATION

BY /s/ Alan V. Schuler

ITS SENIOR VICE PRESIDENT

COBANK, ACB

BY /s/ S. Rchard Dill

ITS VICE PRESIDENT

HARRIS TRUST AND SAVINGS BANK

BY /s/ Robert H. Wolohan

ITS VICE PRESIDENT

FIFTH THIRD BANK

BY /s/ Michael R. Miller

ITS EXECUTIVE VICE PRESIDENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK INTERNATIONAL", NEW
YORK BRANCH

BY /s/ Brad Peterson

ITS EXECUTIVE DIRECTOR

BY /s/ Brett Delfino

ITS EXECUTIVE DIRECTOR

ABN AMRO BANK N.V.

BY /s/ Angela Noique

ITS GROUP VICE PRESIDENT

BY /s/ John M. Postore

ITS VICE PRESIDENT

(SIGNATURE PAGE TO SECOND AMENDMENT TO LOAN AGREEMENT - THE ANDERSONS, INC.)

THIRD AMENDMENT TO LOAN AGREEMENT

This Third Amendment to Loan Agreement ("AMENDMENT") is made as of January 30, 2004, by and among THE ANDERSONS, INC., an Ohio corporation (the "BORROWER"), and the financial institutions signatory hereto (being at least the Required Lenders as of the date of this Amendment).

RECITAL

This Amendment is made with respect to the Loan Agreement made as of the 30th day of October, 2002, (as amended, modified, supplemented, renewed or restated from time to time, the "AGREEMENT"). Capitalized terms that are not defined in this Amendment shall have the meanings assigned to them in the Agreement. The Borrower desires to form a new special purpose subsidiary, together with direct and indirect wholly owned subsidiaries thereof, to finance and purchase approximately 6,730 rail cars and locomotives (collectively the "TOP CAT TRANSACTION"). In that regard, Borrower requires that the Lenders waive certain other terms of the Agreement and to otherwise amend certain other terms of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the terms and conditions contained in this Amendment, and of any loans or extensions of credit or other financial accommodations heretofore, now or hereafter made to or for the benefit of Borrower, the parties agree as follows:

1. Section 1.1 of the Agreement, GENERAL DEFINITIONS, is hereby amended by adding and amending the following definitions to read as follows:

"BORROWER AND ITS CONSOLIDATED SUBSIDIARIES" shall mean Borrower and its consolidated subsidiaries except Top Cat Subsidiaries, except as that term is used in Section 6.13 of the Agreement, Correctness of Financial Statements, Section 6.18 of the Agreement, Solvency, Subsections (a) and (b) of Section 7.1 of the Agreement, Financial and Other Information, and Section 7.8 of the Agreement, Books and Records, in which cases "Borrower and its consolidated subsidiaries" shall mean Borrower and its consolidated subsidiaries including Top Cat Subsidiaries.

"BORROWER OR ANY CONSOLIDATED SUBSIDIARY OF BORROWER" shall mean Borrower or any consolidated subsidiary of Borrower except a Top Cat Subsidiary.

"CHANGE OF CONTROL" shall mean, (a) as to Borrower, (i) the voting stock of Borrower shall cease to be publicly traded, or (ii) more than 50% of the voting stock of Borrower is owned or controlled, directly or indirectly by one Person or an affiliated group of Persons, and (b) as to any consolidated subsidiary of Borrower, existing as such on the date of this Agreement, the voting stock or voting or controlling equity interest of such consolidated subsidiary shall cease to

be wholly owned by Borrower, except as the result of a merger or asset consolidation with another consolidated subsidiary of Borrower except Top Cat Subsidiaries.

"FINANCIAL PERFORMANCE LEVEL" shall mean the applicable level of Borrower's financial performance determined in accordance with the table and paragraph set forth below, provided, however, notwithstanding the definition thereof, Debt to Capitalization Ratio shall be determined as if the Top Cat Subsidiaries were not consolidated subsidiaries of Borrower.

Financial Performance Level	Debt to Capitalization Ratio
Level 1	Greater than 65%
Level 2	Less than or equal to 65% but greater than 60%
Level 3	Less than or equal to 60% but greater than 55%
Level 4	Less than or equal to 55% but greater than 50%
Level 5	Less than or equal to 50%

"TOP CAT SUBSIDIARIES" shall mean, collectively, TOP CAT Holding, Co., a Delaware corporation, a wholly owned subsidiary of Borrower, and Cap Acquire, LLC, Cap Acquire Canada, ULC, Cap Acquire Mexico S. de R.L. de C.V., NARCAT LLC, CARCAT, ULC, and NARCAT Mexico S. de R.L. de C.V., the direct and indirect wholly owned subsidiaries of TOP CAT Holding, Co. (each a "TOP CAT SUBSIDIARY").

"TOP CAT INVESTMENT" shall mean an initial cash investment by the Borrower, up to the amount of $7,200,000, in one or more Top Cat Subsidiaries.

2. Section 5.1 of the Agreement, Guaranties, shall be amended to read as follows:

5.1 GUARANTIES. Borrower agrees to obtain, for the ratable benefit of the Lenders, the guaranty or guaranties of the following consolidated subsidiaries of Borrower: The Andersons Agriservices, Inc., The Andersons Lawn Fertilizer Division, Inc., The Andersons Agricultural Group, L.P., The Andersons Technologies, Inc., and TAI Holdings, Inc., the form of which is attached as Exhibit 5A.

3. Notwithstanding the terms of Section 5.2 of the Agreement, Additional Guaranties, Borrower shall not be required to obtain guaranties of any of the Top Cat Subsidiaries.

4. Section 7.4 of the Agreement, Financial Covenants and Ratios, shall be amended to read as follows:

> 7.4 FINANCIAL COVENANTS AND RATIOS. Borrower shall maintain at all times: (a) a Tangible Net Worth of not less than $65,000,000; (b) a Current Ratio Net of Hedged Inventory of not less than 1.25 to 1; (c) a Debt to Capitalization Ratio of not more than 70%; (d) Working Capital of not less than $45,000,000; and (e) a ratio of long term debt minus the non-recourse portion of long term debt to Tangible Net Worth of not more than 1.25 to 1. Notwithstanding the definitions of the terms used in this Section 7.4, the amounts referred to therein shall be determined as if the Top Cat Subsidiaries were not consolidated subsidiaries of Borrower, and the Borrower shall deliver to the Lenders with each Compliance Certificate consolidating statements and such other schedules to support the calculations demonstrating compliance (or non-compliance, as the case may be) with the Financial Covenants and Ratios set forth in this Section 7.4, as they were presented prior to the formation of the Top Cat Subsidiaries.

5. Section 8.7 of the Agreement, Loans to Affiliates, shall be amended to read as follows:

> 8.7 LOANS TO AFFILIATES. Except for advances for travel and expenses to their officers, directors, managers, general partners or employees in the ordinary course of their business, Borrower and its consolidated subsidiaries shall not make deposits, investments, advances or loans in or to any Affiliates that have not executed and delivered a Guaranty as described in Section 5, in excess of $15,000,000 in the aggregate in each fiscal year of Borrower. All transactions with Affiliates shall be bona fide arms length transactions that are no less favorable to Borrower and its consolidated subsidiaries than would be a similar transaction with a non-affiliated third person. Notwithstanding the forgoing, Borrower shall be allowed to make the Top Cat Investment, which shall count against the $15,000,000 amount referred to in the first sentence of this Section 8.7. Other than the Top Cat Investment, Borrower and its consolidated subsidiaries shall not make deposits, investments, advances or loans to any Top Cat Subsidiaries.

6. This Amendment shall be an integral part of the Agreement, and all of the terms set forth therein are hereby incorporated in this Amendment by reference, and all terms of this Amendment are hereby incorporated into said Agreement as if made an original part thereof. All of the terms and conditions of the Agreement, which are not modified in this Amendment, shall remain in full force and effect. To the extent the terms of this Amendment conflict with the terms of the Agreement, the terms of this Amendment shall control.

7. This Agreement shall become effective upon the execution and delivery to the Agent of: (a) this Third Amendment; and (b) the Guaranty of TAI Holdings, Inc. Borrower

covenants and agrees to deliver to the Agent, on or before the 10th day after the Top Cat Transaction, an opinion of Borrower's counsel, in form and substance acceptable to the Agent, stating that counsel is of the opinion that (i) the formation, capitalization and financing of the Top Cat Subsidiaries did not result in a Default under the Agreement, as amended by this Third Amendment (specifically stating that the necessary waivers, consents and/or agreements of the other persons lending money to the Borrower and its consolidated subsidiaries have been obtained), and (ii) that the Borrower and its consolidated subsidiaries do not have and shall not have any liability with respect to the debts and obligations of the Top Cat Subsidiaries.

8. Upon this Amendment becoming effective, Borrower shall pay an Amendment Fee of Five Thousand Dollars ($5,000) to each Lender.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first herein above written.

THE ANDERSONS, INC.

BY /s/ Gary Smith
ITS Vice President, Finance & Treasurer

U.S. BANK NATIONAL ASSOCIATION

BY /s/ Sandra Sauer
ITS Vice President

COBANK, ACB

BY /s/ S. Richard Dill
ITS Vice President

HARRIS TRUST AND SAVINGS BANK

BY /s/ Robert H. Wolohan
ITS Executive Vice President

FIFTH THIRD BANK

BY /s/ Michael R. miller
ITS Executive Vice President

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK
B.A., "RABOBANK
INTERNATIONAL", NEW YORK
BRANCH

BY: /s/ Brad Peterson

ITS: Executive Director

BY: /s/ Brett Delfino

ITS: Executive Director

ABN AMRO BANK N.V.

BY /s/ Angela Noique

ITS Group Vice President

BY /s/ Peter J. Hallen

ITS Vice President

FOURTH AMENDMENT TO LOAN AGREEMENT

This Fourth Amendment to Loan Agreement ("AMENDMENT") is made as of March 31, 2004, by and among THE ANDERSONS, INC., an Ohio corporation (the "BORROWER"), and the financial institutions signatory hereto (being at least the Required Lenders as of the date of this Amendment).

RECITAL

This Amendment is made with respect to the Loan Agreement made as of the 30th day of October, 2002, (as amended, modified, supplemented, renewed or restated from time to time, the "AGREEMENT"). Capitalized terms that are not defined in this Amendment shall have the meanings assigned to them in the Agreement. The Borrower desires to obtain a temporary $20,000,000 line of credit from U.S. Bank that will act as a temporary overline to the Line of Credit A and the Line of Credit B provided by the Lenders under the Agreement. In that regard, Borrower requires that the Lenders waive certain other terms of the Agreement and to otherwise amend certain other terms of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the terms and conditions contained in this Amendment, and of any loans or extensions of credit or other financial accommodations heretofore, now or hereafter made to or for the benefit of Borrower, the parties agree as follows:

1. Section 1.1 of the Agreement, GENERAL DEFINITIONS, is hereby amended by adding and amending the following definitions to read as follows:

"BORROWING BASE LIMIT" shall mean, at any time, an amount equal to (a) the Borrowing Base minus (b) the sum of (i) the aggregate principal amount of the Line of Credit A Loan Liabilities, (ii) the aggregate principal amount of the Line of Credit B Loan Liabilities, (iii) the aggregate amount of the LC Obligations; and (iv) the aggregate amount outstanding under the U.S. Bank Line.

"TOTAL ADJUSTED FUNDED DEBT" shall mean as of any particular date (a) Borrower's consolidated long term debt, (b) plus the current maturities of Borrower's consolidated long term debt, (c) plus, to the extent not included in a. or b., the Liabilities, (d) minus, to the extent included in a. or b., non-recourse debt, (e) minus the Base Amount for Grain; (f) plus, to the extent not included in a. or b., the aggregate amount outstanding under the U.S. Bank Line.

"U.S. BANK LINE" shall mean a $20,000,000 line of credit extended by U.S. Bank and available to the Borrower and its consolidated subsidiaries through June 30, 2004, upon substantially the same terms as set forth in the Agreement, to be drawn only when the Line of Credit A Loan Commitments and the Line of Credit B Loan Commitments are fully extended, and to be repaid prior to the repayment of any portion of the Line of Credit A and the Line of Credit B.

2. Section 8.3 of the Agreement, Indebtedness, shall be amended to read as follows:

8.3 INDEBTEDNESS. Borrower and its consolidated subsidiaries shall not incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any obligations or indebtedness, direct or indirect fixed or contingent, to finance working capital, except: (a) the Liabilities; or (b) letter of credit obligations to Persons other than a Lender in an amount not to exceed $500,000; (c) trade obligations, Producer Payables and normal accruals in the ordinary course of their business not yet due and payable, or with respect to which they are contesting in good faith the amount or validity thereof by appropriate proceedings, and then only to the extent that they have set aside on their books adequate reserves therefor, if appropriate under GAAP; and (d) obligations under and with respect to the U.S. Bank Line.

3. This Amendment shall be an integral part of the Agreement, and all of the terms set forth therein are hereby incorporated in this Amendment by reference, and all terms of this Amendment are hereby incorporated into said Agreement as if made an original part thereof. All of the terms and conditions of the Agreement, which are not modified in this Amendment, shall remain in full force and effect. To the extent the terms of this Amendment conflict with the terms of the Agreement, the terms of this Amendment shall control.

4. This Agreement shall become effective upon the execution and delivery to the Agent of this Fourth Amendment.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first herein above written.

THE ANDERSONS, INC.

BY /s/ Gary L. Smith

ITS VICE PRESIDENT, FINANCE & TREASURE

U.S. BANK NATIONAL ASSOCIATION

BY /s/ Alan V. Schuler

ITS SENIOR VICE PRESIDENT

COBANK, ACB

BY /s/ S. Richard Dill

ITS VICE PRESIDENT

HARRIS TRUST AND SAVINGS BANK

BY /s/ Robert H. Wolohan

ITS VICE PRESIDENT

FIFTH THIRD BANK

BY /s/ Michael R. Miller

ITS EXECUTIVE VICE PRESIDENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK INTERNATIONAL", NEW
YORK BRANCH

BY /s/ Brad Peterson

ITS EXECUTIVE DIRECTOR

BY /s/ Brett Delfino

ITS EXECUTIVE DIRECTOR

ABN AMRO BANK N.V.

BY /s/ Angela Noique

ITS GROUP VICE PRESIDENT

BY /s/ John M. Postore

ITS VICE PRESIDENT

{SIGNATURE PAGE TO FOURTH AMENDMENT TO LOAN AGREEMENT - THE ANDERSONS, INC.}

FIFTH AMENDMENT TO LOAN AGREEMENT

This Fifth Amendment to Loan Agreement ("AMENDMENT") is made as of April [Insert Date], 2004, by and among THE ANDERSONS, INC., an Ohio corporation (the "BORROWER"), and the financial institutions signatory hereto (being all of the Lenders as of the date of this Amendment).

RECITAL

This Amendment is made with respect to the Loan Agreement made as of the 30th day of October, 2002, (as amended, modified, supplemented, renewed or restated from time to time, the "AGREEMENT"). Capitalized terms that are not defined in this Amendment shall have the meanings assigned to them in the Agreement. The Borrower desires to obtain a temporary increase in the Line of Credit A of $40,000,000 (i.e. from $150,000,000 to $190,000,000) that will be used in part to take out the $20,000,000 U.S. Bank Line that was previously approved by the Required Lenders. In that regard, Borrower requires that the Lenders amend certain terms of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the terms and conditions contained in this Amendment, and of any loans or extensions of credit or other financial accommodations heretofore, now or hereafter made to or for the benefit of Borrower, the parties agree as follows:

1. Section 1.1 of the Agreement, GENERAL DEFINITIONS, is hereby amended by adding and amending the following definitions to read as follows:

> "LINE OF CREDIT A LOAN COMMITMENT" shall mean as to any Lender, such Lender's Pro Rata Percentage of $190,000,000 through JULY 31, 2004 and $150,000,000 thereafter, as set forth opposite such Lender's name under the heading "Line of Credit A Loan Commitments" on Schedule A-2, subject to Assignment and Acceptance in accordance with Section 10.23, and as such amount may be reduced or terminated from time to time pursuant to Sections 2.3(c), 2.8 or 9.1; and "LINE OF CREDIT A LOAN COMMITMENTS" shall mean collectively, the Line of Credit A Loan Commitments for all the Lenders.
>
> "LINE OF CREDIT B LOAN COMMITMENT" shall mean as to any Lender, such Lender's Pro Rata Percentage of $50,000,000, as set forth opposite such Lender's name under the heading " Line of Credit B Loan Commitments" on Schedule A-2, subject to Assignment and Acceptance in accordance with Section 10.23, and as such amount may be reduced or terminated from time to time pursuant to Sections 2.3(c), 2.8 or 9.1; and "LINE OF CREDIT B LOAN COMMITMENTS" shall mean collectively, the Line of Credit B Loan Commitments for all the Lenders.

2. Section 2.1.1 of the Agreement, SWING LINE, is hereby amended to read as follows:

> 2.1.1 SWING LINE. The Agent agrees to make advances ("SWING LINE ADVANCES") to Borrower from time to time on any one or more Business Days from and after the date of this Agreement, upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the Business Day of any proposed Advance, through and including the Maturity Date, in amounts up to the lesser of: (a) $25,000,000 through July 31, 2004 and $20,000,000 thereafter, minus, in each case, the outstanding Swing Line Advances; or (b) the Available Amount A ("SWING LINE"). The Swing Line Advances shall be evidenced by and repayable in accordance with the terms of Borrower's Line of Credit A Note to the Agent. The Agent, upon the written approval of the Required Lenders, may elect to make Swing Line Advances to Borrower in excess of the dollar amount stated above (but not in excess of the Available Amount), and any such Swing Line Advances shall also be governed by the terms hereof.

3. In respect of the temporary $40,000,000 increase in the Line of Credit A Loan Commitments as provided for in this Amendment, Borrower hereby agrees to pay the Agent the following one time commitment fees for the account of each of the Lenders (including the Agent) payable on the date of this Amendment as follows:

Name of Lender	Fee $ Amount
U.S. Bank National Association	$ 3,375
CoBank, ACB	$ 3,000
Harris Trust and Savings Bank	$ 3,000
Fifth Third Bank	$ 2,250
Rabobank International	$ 1,875
ABN AMRO Bank N.V.	$ 1,500
Total	$ 15,000

4. This Amendment shall be an integral part of the Agreement, and all of the terms set forth therein are hereby incorporated in this Amendment by reference, and all terms of this Amendment are hereby incorporated into said Agreement as if made an original part thereof. All of the terms and conditions of the Agreement, which are not modified in this Amendment, shall remain in full force and effect. To the extent the terms of this Amendment conflict with the terms of the Agreement, the terms of this Amendment shall control.

5. This Amendment shall become effective upon the execution and delivery to the Agent of (i) this Fifth Amendment, (ii) new Line of Credit A Notes payable to each of the Lenders in the increased amounts of their respective Line of Credit A Loan Commitments, (iii) a Secretary's Certificate as to Directors' Resolutions, and (iv) an Opinion of Legal Counsel.

6. The first Advance under the Swing Line and/or the Line of Credit A, after this Amendment becomes effective, shall be used to payoff the U.S. Bank Line and the U.S. Bank

Line shall be terminated.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first herein above written.

THE ANDERSONS, INC.

BY /s/ Gary L. Smith

ITS VICE PRESIDENT, FINANCE & TREASURER

U.S. BANK NATIONAL ASSOCIATION

BY /s/ Alan. V. Schuler

ITS SENIOR VICE PRESIDENT

COBANK, ACB

BY /s/ S. Richard Dill

ITS VICE PRESIDENT

HARRIS TRUST AND SAVINGS BANK

BY /s/ Robert H. Wolohan

ITS VICE PRESIDENT

FIFTH THIRD BANK

BY /s/ Michael H. Miller

ITS EXECUTIVE VICE PRESIDENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK INTERNATIONAL", NEW
YORK BRANCH

BY /s/ Brad Peterson

ITS EXECUTIVE DIRECTOR

BY /s/ Brett Delfino

ITS EXECUTIVE DIRECTOR

ABN AMRO BANK N.V.

BY /s/ Angela Noique

ITS GROUP VICE PRESIDENT

BY /s/ John M. Postore

ITS VICE PRESIDENT

{SIGNATURE PAGE TO FIFTH AMENDMENT TO LOAN AGREEMENT - THE ANDERSONS, INC.}

SIXTH AMENDMENT TO LOAN AGREEMENT

This Sixth Amendment to Loan Agreement ("AMENDMENT") is made as of September 27, 2004, by and among THE ANDERSONS, INC., an Ohio corporation (the "BORROWER"), the financial institutions signatory hereto (being all of the Lenders as of the date of this Amendment) and U.S. BANK NATIONAL ASSOCIATION, a national banking association ("U.S. BANK"), in its capacity as Agent for the Lenders (in such capacity, the "AGENT") and as one of the Lenders.

RECITAL

This Amendment is made with respect to the Loan Agreement made as of October 30, 2002, (as amended, modified, supplemented, renewed or restated from time to time, the "AGREEMENT"). Capitalized terms that are not defined in this Amendment shall have the meanings assigned to them in the Agreement. The Borrower and the Lenders desire to extend the term of the Commitments and to otherwise amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and of the terms and conditions contained in this Amendment, and of any loans or extensions of credit or other financial accommodations heretofore, now or hereafter made to or for the benefit of Borrower, the parties agree as follows:

1. Section 1.1 of the Agreement, GENERAL DEFINITIONS, is hereby amended by amending the following definitions to read as follows:

"AGENT'S LETTER" shall mean the letter agreement between Borrower and the Agent dated September 27, 2004.

"APPLICABLE MARGIN" shall mean with respect to Swing Line Advances, Line of Credit A Advances or Line of Credit B Advances which are Daily Reset LIBOR Rate Loans, Base Rate Loans or LIBOR Rate Loans, Commitment Fees for the Line of Credit A Loan Commitments (referred to below under "Line A"), Commitment Fees for the Line of Credit B Loan Commitments (referred to below under "Line B"), Standby LC Fees and Commercial LC Fees, the rates per annum set forth below for the then applicable Financial Performance Level:

The initial Financial Performance Level shall be Level 5. The Agent will review Borrower's financial performance as of each fiscal quarter end, beginning with fiscal quarter end September 30, 2004, after its receipt of Borrower's financial statements and Compliance Certificate as of the end of such fiscal quarter, and will confirm Borrower's determination as to whether Borrower's Financial Performance Level based on such fiscal quarter is Level 1, Level 2, Level 3, Level 4 or Level 5. As so confirmed by the Agent, Borrower's Financial Performance Level will determine the Applicable Margin effective for Swing Line Advances, Line of Credit A Advances, the Commitment Fees for the Line of Credit A Loan Commitments, Commitment Fees for the Line of Credit B Loan Commitments (Line B), Standby LC Fees and Commercial LC Fees for the three month period beginning on the first

Business Day of the third month following the end of such fiscal quarter if the Agent receives such quarter end financial statements prior to the last five (5) Business Days of the second month following the end of such fiscal quarter. If the Agent receives such quarter end financial statements during or after the last five (5) Business Days of the second month following the end of such fiscal quarter (but prior to the end of the third month following the end of such fiscal quarter), any reduction in the Applicable Margin will be delayed until the tenth day of the month following the month in which the Agent receives such quarter end financial statements, but any increase in the Applicable Margin will be effective as of the first Business Day of the third month following the end of such fiscal quarter. If the Agent does not receive such quarter end statements prior to the end of the third month following the end of such fiscal quarter, Borrower's Financial Performance Level shall be deemed to be Level 1 beginning with the tenth day of the fourth month following the end of such fiscal quarter and shall remain at Level 1 until the 15th Business Day after such financial statements are received by the Agent and a determination by the Agent that a different Financial Level shall apply during the remainder of the three month period.

"BORROWING BASE" shall mean an amount determined and computed as set forth in Exhibit 1A-2.

"BORROWING BASE CERTIFICATE" shall mean a certificate substantially in the form of Exhibit 1B-2, signed as indicated thereon, setting forth the amount of Borrower's Borrowing Base.

"INTEREST PERIOD" shall mean: (a) with respect to LIBOR Rate Loans, the period of time for which the LIBOR Rate shall be in effect as to any LIBOR Rate Loan and which shall be a seven day or one, two, three or six month period of time, commencing with the borrowing date of the LIBOR Rate Loan or the expiration date of the immediately preceding Interest Period, as the case may be, applicable to and ending on the effective date of any rate change or rate continuation made as provided in Section 2.2 as Borrower may specify in the notice of borrowing delivered pursuant to Section 2.2 or the notice of interest conversion delivered pursuant to Section 2.2; provided however, that (b) any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (c) no Interest Period shall extend beyond the Maturity Date; and (d) there shall be no more than five (5) seven day Interest Periods and no more than twenty (20) Interest Periods (of all types) for LIBOR Rate Loans at any one time.

"LINE OF CREDIT A LOAN COMMITMENT" shall mean as to any Lender, such Lender's Pro Rata Percentage of $100,000,000, as set forth opposite such Lender's name under the heading "Line of Credit A Loan Commitments" on Schedule A-3, subject to Assignment and Acceptance in accordance with Section 10.23, and as such amount may be reduced or terminated from time to time pursuant to Sections 2.3(c), 2.8 or 9.1; and

"LINE OF CREDIT A LOAN COMMITMENTS" shall mean collectively, the Line of Credit A Loan Commitments for all the Lenders.

"LINE OF CREDIT B LOAN COMMITMENT" shall mean as to any Lender, such Lender's Pro Rata Percentage of $100,000,000, as set forth opposite such Lender's name under the heading " Line of Credit B Loan Commitments" on Schedule A-3, subject to Assignment and Acceptance in accordance with Section 10.23, and as such amount may be reduced or terminated from time to time pursuant to Sections 2.3(c), 2.8 or 9.1; and "LINE OF CREDIT B LOAN COMMITMENTS" shall mean collectively, the Line of Credit B Loan Commitments for all the Lenders.

"MATURITY DATE" shall mean, as applicable, the earlier of: (a) as to the Swing Line or the Line of Credit A, September 30, 2005; (b) as to the Line of Credit B and LC Obligations, September 30, 2007; and (c) in all cases, the earlier date of termination in whole of the Commitments pursuant to Sections 2.3(c), 2.8 or 9.1.

2. Section 2.1.1 of the Agreement, Swing Line, is hereby amended to read as follows:

2.1.1 SWING LINE. The Agent agrees to make advances ("SWING LINE ADVANCES") to Borrower from time to time on any one or more Business Days from and after the date of this Agreement, upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 1:00 p.m. (local time in Denver) on the Business Day of any proposed Advance, through and including the Maturity Date, in amounts up to the lesser of: (a) $30,000,000, the outstanding Swing Line Advances; or (b) the Available Amount A ("SWING LINE"). The Swing Line Advances shall be evidenced by and repayable in accordance with the terms of Borrower's Line of Credit A Note to the Agent. The Agent, upon the written approval of the Required Lenders, may elect to make Swing Line Advances to Borrower in excess of the dollar amount stated above (but not in excess of the Available Amount), and any such Swing Line Advances shall also be governed by the terms hereof.

3. Section 2.1.2 of the Agreement, Line of Credit A, is hereby amended to read as follows:

2.1.2 LINE OF CREDIT A. Each Lender severally agrees to make advances ("LINE OF CREDIT A ADVANCES") to Borrower from time to time on any one or more Business Days from and after the date of this Agreement (through the Agent as set forth in Section 2.1.5 or Section 2.2(f)), upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the third Business Day prior to the date of any proposed LIBOR Rate Loan or upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later

than 12:00 noon (local time in Denver) on the Business Day of the date of any proposed Base Rate Loan, up to an aggregate principal amount not exceeding each such Lender's Pro Rata Percentage of the Available Amount A on such Business Day through the Maturity Date, in aggregate amounts up to the Available Amount A ("LINE OF CREDIT A"). The Line of Credit A Advances shall be evidenced by and repayable in accordance with the terms of Borrower's promissory notes to each of the Lenders ("LINE OF CREDIT A NOTES"), the form of which is attached as Exhibit 2A.

4. Section 2.1.3 of the Agreement, Line of Credit B, is hereby amended to read as follows:

2.1.3 LINE OF CREDIT B. Each Lender severally agrees to make advances ("LINE OF CREDIT B ADVANCES") to Borrower from time to time on any one or more Business Days from and after the date of this Agreement (through the Agent as set forth in Section 2.1.5 or Section 2.2(f)), upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the third Business Day prior to the date of any proposed LIBOR Rate Loan or upon Borrower's written (including facsimile) notice or oral notice followed by written (including facsimile) confirmation, given by Borrower to the Agent not later than 12:00 noon (local time in Denver) on the Business Day of the date of any proposed Base Rate Loan, up to an aggregate principal amount not exceeding each such Lender's Pro Rata Percentage of the Available Amount B on such Business Day through the Maturity Date, in aggregate amounts up to the Available Amount B ("LINE OF CREDIT B"). The Line of Credit B Advances shall be evidenced by and repayable in accordance with the terms of Borrower's promissory notes to each of the Lenders ("LINE OF CREDIT B NOTES"), the form of which is attached as Exhibit 2B.

5. Subsection (b) of Section 2.1.5 of the Agreement, Equalization Transfers, shall be amended to read as follows:

(b) At any time in the discretion of the Agent, if the outstanding Loans are not held according to the Lenders' Pro Rata Percentages, by reason of Swing Line Advances by the Agent or otherwise, the Agent shall give notice to the Lenders of the amount of funds to be transferred from the Agent to the Lenders, or from the Lenders to the Agent, or from one Lender to another, as the case may be (each such transfer, an "EQUALIZATION TRANSFER") required to cause the Loans to be held by the Lenders according to their Pro Rata Percentages. On the next Business Day following such notice the necessary Equalization Transfers shall be made in Immediately Available Funds not later than 11:00 a.m. (local time in Denver); provided, however, Equalization Transfers necessary to avoid the event described in Section 2.1.5(a)(iii) shall be made on the same Business Day.

6. Subsection (a) of Section 2.3 of the Agreement, Prepayments; Termination of the Commitments, shall be amended to read as follows:

(a) Borrower may at any time prepay the outstanding principal amount of any Loan, in either case in whole or in part, in accordance with this Section 2.3. With respect to any prepayment, Borrower shall give prior written notice of any such prepayment to the Agent, which notice shall state the proposed date of such prepayment (which shall be a Business Day), the Loans to be prepaid and the aggregate amount of the prepayment, and which notice shall be delivered to the Agent not later than 12:00 noon (local time in Denver): (a) with respect to any Loan which is a Base Rate Loan, on the date of the proposed prepayment, and (b) with respect to any Loan which is a LIBOR Rate Loan, two (2) Business Days prior to the date of the proposed prepayment. All prepayments of Base Rate Loans shall be without premium. All prepayments of LIBOR Rate Loans shall be made together with accrued and unpaid interest (if any) to the date of such prepayment on the principal amount prepaid without premium thereon, provided however, that losses, costs or expenses incurred by any Lender as described in Section 2.3(b) shall be payable with respect to each such prepayment. All notices of prepayment shall be irrevocable and the payment amount specified in each such notice shall be due and payable on the prepayment date described in such notice, together with, in the case of LIBOR Rate Loans, accrued and unpaid interest (if any) on the principal amount prepaid and any amounts due under Section 2.3(b). Borrower shall have no optional right to prepay the principal amount of any LIBOR Rate Loan other than as provided in this Section 2.3.

7. Subsection (c) of Section 2.5 of the Agreement, Loan and Letter of Credit Fees, shall be amended to read as follows:

(c) QUARTERLY NON-USE FEES. Borrower agrees to pay to the Agent for distribution to the Lenders (based on their respective Pro Rata Percentages) a quarterly non-use fees ("NON-USE FEES") through the Maturity Date, calculated using the then applicable rates per annum set forth in the definition of Applicable Margin, and applied to the daily average Available Amount A and Available Amount B, respectively. The quarterly Non-Use Fees shall be due and payable in arrears with respect to the prior quarter on the first day of each January, April, July and October hereafter through the Maturity Date. Pro-rated Non-Use Fees shall be due and payable on the Maturity Date. The quarterly Non-Use Fees shall be fully earned as they accrue and if not paid timely by Borrower, at the option of the Agent, shall be paid by Advances pursuant to Section 2.1, without prior demand by the Agent.

8. Section 7.4 of the Agreement, Financial Covenants and Ratios, shall be amended to read as follows:

7.4 FINANCIAL COVENANTS AND RATIOS. Borrower shall maintain at all times: (a) a Tangible Net Worth of not less than $80,000,000; (b) a Current Ratio Net of Hedged Inventory of not less than 1.25 to 1; (c) a Debt to Capitalization Ratio of not more than 70%; and (d) Working Capital of not less than $55,000,000. Notwithstanding the definitions of the terms used in this Section 7.4, the amounts referred to therein shall be determined as if

the Top Cat Subsidiaries were not consolidated subsidiaries of Borrower, and the Borrower shall deliver to the Lenders with each Compliance Certificate consolidating statements and such other schedules to support the calculations demonstrating compliance (or non-compliance, as the case may be) with the Financial Covenants and Ratios set forth in this Section 7.4, as they were presented prior to the formation of the Top Cat Subsidiaries.

9. Section 10.31 of the Agreement, Amendments and Waivers, shall be amended to read as follows:

10.31 AMENDMENTS AND WAIVERS.

(a) Except as provided in the following Section 10.31(b), any term, covenant, agreement or condition of this Agreement or the other Financing Agreements may be amended only by a written amendment executed by Borrower, the Required Lenders and, if the rights or duties of the Agent are affected thereby, the Agent, or compliance therewith only may be waived (either generally or in a particular instance and either retroactively or prospectively), if Borrower shall have obtained the consent in writing of the Required Lenders and, if the rights or duties of the Agent are affected thereby, the Agent, provided however, that without the consent in writing of the holders of all outstanding Notes and LC Obligations, or of all Lenders if no Notes or Letters are outstanding, no such amendment or waiver shall (a) change the amount or postpone the date of payment of any scheduled payment or required payment of principal of the Notes or LC Obligations or reduce the rate or extend the time of payment of interest on the Notes, or reduce the amount of principal thereof, or modify any of the provisions of the Notes with respect to the payment or prepayment thereof, (b) give to any Note any preference over any other Notes, (c) amend the definition of Required Lenders, (d) alter, modify or amend the provisions of this Section 10.31, (e) reduce the fees required under Section 2.5, (f) alter, modify or amend the provisions of Sections 9.1 or 9.2 of this Agreement, (g) alter, modify or amend any Lender's right hereunder to consent to any action, make any request or give any notice, or (h) release any guarantor of any of the Liabilities. Without the consent in writing of the affected Lender, no such amendment or waiver shall increase the amount of or the Pro Rata Percentage of any Commitment of such Lender or extend the term of any Commitment of such Lender.

(b) Provided that no Default or Matured Default has occurred and is continuing, the definition of Line of Credit A Loan Commitment may be amended to increase the total amount thereof to an amount up to $150,000,000 for a period not to extend beyond the Maturity Date of the Line of Credit A, by a written amendment executed by Borrower, at least one Lender and the Agent. One or more Lenders (new or existing), in the discretion of the Borrower and the Agent, may be offered a share of any such increase in the Line of Credit A Loan Commitment. In no event shall such amendment increase the amount of or the Pro Rata Percentage of the Line of Credit A Loan Commitment of a Lender, without the consent in writing of that Lender.

(c) Any amendment or waiver shall apply equally to all Lenders and all the holders of the Notes and/or LC Obligations and shall be binding upon them, upon each future holder of any Note or LC Obligation and upon Borrower, whether or not such Note or Letter shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived.

10. To reflect the change in the amount of the Line of Credit A Loan Commitment and the change in the amount of the Line of Credit B Loan Commitment, Borrower shall execute and deliver to the Agent, new Notes for each Lender. The date of this Amendment notwithstanding, for the purpose of calculating Interest, Commitment Fees, Non-Use Fees and Applicable Margins, the changes in the definitions of Applicable Margin, Line of Credit A Loan Commitment and Line of Credit B Loan Commitment and the change in Subsection (c) of Section 2.5 shall be effective October 1, 2004

11. This Amendment shall be an integral part of the Agreement, and all of the terms set forth therein are hereby incorporated in this Amendment by reference, and all terms of this Amendment are hereby incorporated into said Agreement as if made an original part thereof. All of the terms and conditions of the Agreement, which are not modified in this Amendment, shall remain in full force and effect. To the extent the terms of this Amendment conflict with the terms of the Agreement, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first herein above written.

THE ANDERSONS, INC.

BY /s/ Gary L. Smith

ITS VICE PRESIDENT, FINANCE & TREASURER

U.S. BANK NATIONAL ASSOCIATION

BY /s/ Alan V. Schuler

ITS SENIOR VICE PRESIDENT

COBANK, ACB

BY /s/ S. Richard Dill

ITS VICE PRESIDENT

HARRIS TRUST AND SAVINGS BANK

BY /s/ Robert H. Wolohan

ITS VICE PRESIDENT

FIFTH THIRD BANK

BY /s/ Michael R. Miller

ITS EXECUTIVE VICE PRESIDENT

COOPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
"RABOBANK INTERNATIONAL", NEW
YORK BRANCH

BY /s/ Brad Peterson

ITS EXECUTIVE DIRECTOR

BY /s/ Brett Delfino

ITS EXECUTIVE DIRECTOR

ABN AMRO BANK N.V.

BY /s/ Angela Noique

ITS GROUP VICE PRESIDENT

BY /s/ John M. Postore

ITS VICE PRESIDENT

{SIGNATURE PAGE TO SIXTH AMENDMENT TO LOAN AGREEMENT - THE ANDERSONS, INC.}

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Exhibit 21

CONSOLIDATED SUBSIDIARIES OF THE ANDERSONS

SUBSIDIARY	PLACE OF ORGANIZATION
The Andersons Ag Software, Inc.	Ohio
The Andersons Agriculture Group, L.P.	Ohio
The Andersons Agriservices, Inc.	Illinois
The Andersons AgVantage Agency, LLC	Ohio
The Andersons ALACO Lawn, Inc.	Alabama
The Andersons Albion Ethanol LLC	Ohio
The Andersons Lawn Fertilizer Division, Inc.	Ohio
The Andersons Mower Center, Inc.	Ohio
The Andersons Technologies, Inc.	Michigan
Cap Acquire LLC	Delaware
Cap Acquire Canada ULC	Nova Scotia
Cap Acquire Mexico S. de R.L. de C.V.	Mexico
CARCAT ULC	Nova Scotia
Crop & Soil Service, Inc.	Ohio
Metamora Commodity Company Incorporated	Ohio
NARCAT LLC	Delaware
NARCAT Mexico S. de R.L. de C.V.	Mexico
NuRail USA LLC	Ohio
NuRail Canada ULC	Nova Scotia
TAI Holdings, Inc.	Michigan
TOP CAT Holding Co.	Delaware

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-101770, 333-00233 and 333-53137) and Registration Statement on Form S-3 (No. 333-103996) of The Andersons, Inc. of our report dated March 14, 2005 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Toledo, Ohio
March 14, 2005

EXHIBIT 31.1

CERTIFICATIONS

I, Michael J. Anderson, certify that:

1. I have reviewed this annual report on Form 10-K of The Andersons, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fourth fiscal quarter that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 14, 2005

/s/ Michael J. Anderson

Michael J. Anderson
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, Richard R. George, certify that:

1. I have reviewed this annual report on Form 10-K of The Andersons, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fourth fiscal quarter that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 14, 2005

/s/ Richard R. George

Richard R. George
Vice President, Controller and CIO

EXHIBIT 31.3

CERTIFICATIONS

I, Gary L. Smith, certify that:

1. I have reviewed this annual report on Form 10-K of The Andersons, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fourth fiscal quarter that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 14, 2005

/s/ Gary L. Smith

Gary L. Smith
Vice President, Finance and Treasurer

Exhibit 32.1

THE ANDERSONS, INC.

CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Annual Report of The Andersons, Inc. (the "Company") on Form 10-K for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 W.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

March 14, 2005

/s/ Michael J. Anderson

Michael J. Anderson
President and Chief Executive Officer

/s/ Richard R. George

Richard R. George
Vice President, Controller and CIO

/s/ Gary L. Smith

Gary L. Smith
Vice President, Finance and Treasurer